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ATIONAL INSURANCE BILL.

BY

J. H. WATTS.

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THE
NATIONAL INSURANCE BILL.

BY THE SAME AUTHOR.

THE
ASSURANCE COMPANIES ACT, 1909.

ANNOTATED,

WITH AN

INTRODUCTION AND INDEX.

1910. Price 6s.

THE
NATIONAL INSURANCE BILL.

WITH AN
INTRODUCTION AND NOTES.

BY
J. H. WATTS,
OF THE INNER TEMPLE AND THE SOUTH EASTERN CIRCUIT,
Author of "The Assurance Companies Act, 1909."

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NATIONAL INSURANCE BILL.

INTRODUCTION.

LIBRARY SETS

THE long expected and much talked of Sickness Insurance Bill has at last, after numerous postponements, been introduced into the House of Commons, and I do not think it is overstating the case to say that the principle of State-help to insurance contained in the Bill has been warmly approved and welcomed by all parties in the State. Unionists as well as Radicals have vied with each other in their welcome and appreciation of this principle of the measure, and it is on points of detail and administration that criticism has been directed.

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HARDING

The Bill is divided into two parts—the first dealing with sickness under the comprehensive name of “National Health Insurance,” and the second with “Unemployment Insurance.” I venture to think that it is a pity that these two subjects, which are surely quite distinct, should not have been dealt with in separate Bills, for their inclusion makes the Bill very long and cumbersome, and each part, moreover, is under the control of a separate minister, the Chancellor of the Exchequer being responsible for the conduct through the House of the Sickness portion, while Mr. Sydney Buxton has charge of the Unemployment section; and as the provisions of the Bill in respect of each portion are so numerous and complicated, and affect so many and often conflicting interests, it has been impossible for members of the House of Commons to adequately discuss the Bill during the

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second reading debate. The Bill was introduced into the House on the 4th May, and passed its second reading, without a division. The Bill will now go into Committee of the whole House early in July, and the Government are going to make every effort to get the Bill passed before the end of August.

The Bill applies to the whole of the United Kingdom, and dealing first with the part relating to sickness insurance, the Bill is intended to effect as wide an insurance as possible of the working population against sickness and breakdown, by providing "for insurance against loss of health, and for the prevention and cure of sickness."

All workers, whether married or otherwise, between the ages of sixteen and sixty-five, whose earnings do not amount to more than £160 per annum are to be compelled (with a few exceptions) to come within the provisions of the Bill by insuring against sickness. The exceptions are certain casual labourers, commission agents who work for more than one employer, municipal and civil servants who have retiring pensions, while soldiers and sailors in the army and navy and school teachers are to be provided for under special schemes.

Workmen are to contribute 4*d.* per week (women 3*d.*). Employers are to contribute 3*d.* per week for each workman they employ, and the State 2*d.* Where the workman over twenty-one does not earn more than 2*s.* 6*d.* a day, and does not receive "board and lodging," he is to pay less and his employer more, as follows:—

Where wages are not more than 1*s.* 6*d.* a day—

The employer is to pay 6*d.* (for women 4*d.*) per week.

The workman is to pay 1*d.* per week.

Where wages are not more than 2*s.* a day—

The employer is to pay 5*d.* (for women 4*d.*) per week.

The workman is to pay 2*d.* per week.

Where wages are not more than 2*s.* 6*d.* a day—

The employer is to pay 4*d.* (for women 3*d.*) per week.

The workman is to pay 3*d.* per week.

Where the employed person receives no wages, then the employer must pay the whole amount;

the State in each case contributing the 2*d.*—thus making the total of 9*d.* a week for every workman, and 8*d.* for every woman worker.

The above payments are all compulsory, and are to be collected as follows:—The employer is to be responsible for the 7*d.* a week in respect of every workman and 6*d.* for every woman worker employed by him. Every workman is to have a card, and the employer is to affix a 7*d.* or 6*d.* stamp weekly on such card, and is to deduct the 4*d.* (or whatever the workman's contribution may be) from the workman's wages.

This is the compulsory side of the Bill; but there is also a voluntary side. Persons who are earning more than £160 per annum, provided they are engaged in some occupation, may join the scheme. They will, however, have to pay, in addition to the amount payable by compulsory contributors, the amount which employers have to pay, that is to say, voluntary contributors will have to pay 7*d.* a week, the State contributing 2*d.* Voluntary contributors, however, to join at the above rates, must be under forty-five years of age and must join within six months of the passing of the Act. If they are over forty-five, or allow more than six months to go by before they join, then they will have to pay on a scale which will be arranged according to their age.

The Bill is drawn with a view to its being worked through the friendly societies, and contributors are encouraged to join one of these societies or other "approved societies" to be formed on account of the advantages which the Bill holds out to them. For such contributors,

however, who do not or cannot join a society on account of their bad state of health provision has been made with the Post Office to receive their contributions. They will be known as "deposit" or "Post Office" contributors, and they will only be entitled to draw sickness benefits up to the amount of the deposits made in their names.

So much for contributions to the scheme. Now for the benefits. These are divided into *minimum* and *additional* benefits.

The minimum benefits shortly are these:—

- (1) Medical attendance (and medicine) for life.
- (2) Admission into a sanatorium.
- (3) Sick pay of 10s. a week for men and 7s. 6d. for women for the first thirteen weeks (calculated from fourth day of sickness), and 5s. in each case for remainder of illness.

Members over fifty and under sixty who have not made 500 contributions will only receive 7s. a week for men and 6s. for women for the first thirteen weeks, and 5s. afterwards; and if over sixty, such members will only receive 5s. in both cases.

- (4) A maternity benefit of 30s.

Young unmarried persons under age of twenty-one will receive smaller sick benefits:—5s. for boys and 4s. for girls.

Boys and girls under sixteen will only be entitled to medical attendance and sanatorium treatment.

The sickness benefit of 5s. a week is to cease at seventy (when the old age pension becomes payable).

According to the actuarial calculations which have been made, after allowing for the above benefits and cost of administration, and the liquidation of any original deficit in fifteen or sixteen years time, there should remain a margin of 10 per cent. This margin is to be made available for the *additional benefits*.

The *additional benefits* will include such benefits as:—

- (1) Free medical attendance for contributor's family.
- (2) Benevolent fund for distressed members.
- (3) Extension of full sick pay to twenty-six weeks, starting from first day of illness, increasing sick pay either in all cases or in cases of married men with large families.
- (4) Convalescent allowances; building and maintaining convalescent homes.
- (5) "Pocket-money" for men in hospital or convalescent homes.
- (6) Additional invalidity or superannuation benefit, or addition to old age pension.
- (7) An extension of the maternity benefit.

The societies may grant any or either of the above additional benefits when their funds allow—and it is hoped that as these additional benefits can only become available if the funds are economically administered, that this will prove to be a check on malingering, as members will have a common interest in seeing that the funds are not wasted.

A waiting period of six months has been laid down for the temporary sickness benefit, and of two years for the permanent invalidity benefit.

Sick pay will not be payable (except by way of advance) to workmen entitled to compensation for accidents.

Contributions will cease at seventy years of age, and persons over sixty-five when the Act passes will not be taken into the scheme.

Benefits are not to be assignable.

Women marrying and ceasing to be employed within the meaning of the Bill, will not be insured; but if they become widows and go out to work again, then they will be entitled to rejoin the insurance at once, at their former rate.

I have given in the foregoing lines a rough idea and outline of the general effect of the Bill; but of course it is necessarily a very short one, as owing to the length of the Bill and its varied and intricate provisions, were I to attempt to fill in all or nearly all the details, this Introduction would have to be of inordinate length. I would, however, at this point beg to refer the reader to the "Memorandum explanatory of the Bill" relating to the insurance sections thereof which is printed in Appendix A, and would suggest a perusal of this memorandum before reading the clauses and schedules of the Bill itself.

Although, as I have said, all parties have welcomed the main *principle* of the Bill, yet it is only natural to expect that a Bill so novel in its provisions and so far reaching in its scope should arouse criticism from all quarters, and ever since the Bill was introduced, and indeed even before then, the newspapers have been full of complaints and fears, some of them imaginary and some very real, from the many sections of the community who are especially affected. Doctors, chemists, midwives, members of friendly societies and trade unions, collectors and agents for sickness and other insurance societies, have been stirred to their very depths by the introduction of the Bill, and very naturally so, for if their fears are well founded, and unless they can obtain such alterations in the Bill as are necessary to meet their particular needs and requirements, many of these classes of the community will either find their occupation gone or, at any rate, be very seriously affected. Indeed, so great has been the demand either for delay or consideration, that I suppose no Bill of recent times has aroused anything like a similar amount of interest and alarm, and amidst the chorus of qualified blessings from all these sections, there is also to be heard their clear note of determination that the Bill must be altered in this, that, and the other way, before it can possibly be allowed to become law.

PART I.

Insurance Commissioners, Health Committees, &c.

To carry the provisions of the Bill into effect, and to fill up the many blanks which are left, insurance commissioners are to be appointed (clause 41). These commissioners are to be appointed by the Treasury. No number is mentioned, nor is there any mention as to their qualification for the post, salary, &c. There is to be a central office in London, with such branch offices as the Treasury may think fit. The commissioners would seem to have unlimited powers to fill in the extraordinary number of details omitted from the Bill.

Clause 42 enacts that the commissioners are to appoint an advisory committee for the purpose of giving them "advice and assistance in connection with the making and altering of regulations under this part of the Act, consisting of representatives of associations of employers and approved societies, and of such other persons as the commissioners may appoint." There is, however, no provision or direction that doctors shall be included among the commissioners or on the advisory committee. It is certainly advisable that doctors should be included on both these bodies, and it is to be hoped that the clauses will be so amended. Referring to the insurance commissioners, Mr. Lloyd George has since said, "We must have a medical expert on the body," and care must be taken to see that clause 41 is so amended.

Clause 43 provides that a local health committee shall be constituted in every county and county borough. One-third of the members of such local health committee is

to be appointed by the county councils, and must consist, at any rate in part, of members of the local sanitary authorities, and sub-sect. (5) provides that at least two of the members appointed by the insurance commissioners shall be duly qualified medical practitioners.

The local health committee will have to consider the needs of the county with regard to all questions of public health, and to make provision for the publication of information on questions of health.

Friendly Societies.

Members of the various friendly societies throughout the country are much exercised as to how they will be affected. Benefits under the Bill are to be distributed through "approved societies" and through a Post Office system, set up by the Government for the benefit of those persons who do not join a society, or are rejected. The following are the conditions which are necessary for a friendly society to conform to in order to become an "approved society":—

- (1) Absolute self-government.
- (2) Not working for a profit.
- (3) Election of all committees, representatives, &c. by the members in accordance with the rules approved by the Insurance Office or regulations drawn up under the Act.
- (4) A minimum number of 10,000 insured persons under the Act (5,000 in the case of Ireland).
- (5) Local as well as central control of arrangements for medical attendance and payment of sickness benefit and appeals. For all questions arising under the Act, societies will be required to provide for a final appeal to arbitrators appointed by the Insurance Office.
- (6) Giving security by the deposit of sufficient stock or in some other way to compensate the Government for any malversation by officers.
- (7) Keeping separate accounts for the State scheme.
- (8) Complying with the provisions and requirements of the Act.

Any society which satisfies the above conditions may become an approved society, and it will not be asked to apply any of its existing funds for the purposes of the new scheme. All the great friendly societies and trade unions will be able to comply with these conditions. They will still remain independent and will have the right to accept or reject members. If a society has not 10,000 members, it may join with another society, or societies, in order to make up the requisite numbers.

The existing funds of the societies, which remain under their own control, will in time be expended in discharge of various authorized benefits—and the new accumulating funds are to be invested by the National Debt Commissioners, who will credit the societies with interest thereon, but taking the interest to be allowed at 3 per cent.—this is about 1 per cent. less than the societies at present obtain. Members and officials of the great societies do not like this, and they and their predecessors, who have built up these societies which have done such a great work in the past, naturally view with alarm the partial loss of their administration by this losing of the financial control of their funds in future, and the loss of interest will, of course, make a very material difference in the scale of benefits which would have been otherwise available for their members. Against this, however, they must set the 2*d*. a week which the State is now to contribute for every member. The Manchester Unity of Oddfellows have passed a resolution asking the Chancellor to make such amendments “as will enable the societies to continue the work of investment which in the past had so much to do with their success.”

Each society will have to keep separate accounts for its dealings under the new scheme, and these accounts are to be subjected to a Treasury audit. The assets and liabilities of every branch are to be separately valued every third year at the instance of the insurance commissioners. When the valuation shows a surplus leave will be given

for the distribution of one or any of the authorized "additional benefits." The cost of administration, it is feared, will be much more (possibly some 20 per cent.) than under the very economical administration and vast amount of honorary services which have been the rule in the friendly societies.

Another thing members of the existing societies do not like is this: In the past these societies have consisted of a brotherhood of men drawn together by the ties of thrift and good fellowship; they were a selected body of men consisting of the pick of their class. Now all this is to be changed, for now every one is to be compelled to insure against the rainy-day; and although the societies are free to reject any proposing member, yet the members fear that the result of the Bill will be that the societies will be swamped by new members, and new members of a lower calibre than the present ones.

"Unity," the organ of the Foresters, Oddfellows, and kindred societies, makes a vigorous onslaught on some of the proposals of the Bill:—

"Mr. Lloyd George is acting contrary to the spirit of the Truck Act in compelling employers to withhold from their workmen part of the wages due and giving in place something different.

"No one has asked for compulsory insurance.

"The Bill will mutilate, and in time annihilate the spirit of voluntary self-help, which has ever been the proud delight of the friendly societies.

"If there is one class more than another which needs insurance it is the casual labourer. He represents the class that is outside the scope of the Bill.

"If there is one class more than another which least needs outside aid it is the engineering trade, specially chosen to be aided by the State.

"The Government intend to try to do what the friendly societies gave up years ago as unjust, unsound, un-

scientific, and leading to financial disaster—charging one uniform rate.”

A criticism of some importance on the proposed working of the National Insurance Bill has been made by the Hearts of Oak Benefit Society. This society has over 300,000 adult members, an annual income of £724,000, and a reserve capital of four millions. It is the largest centralised society in the United Kingdom, and only two friendly societies of any kind stand higher in membership and financial strength. It pays its members sickness benefits of 18s. a week, but the member has to pay his own doctor out of this amount.

The Hearts of Oak Society, while heartily in agreement with the principles of the Bill, objects to the compulsory establishment of local committees—one committee for every 1,000 members, and a committee for every isolated district which contains 250 members.

Mr. J. N. Lee, the president, explains that hitherto all the administration of the society has been worked from London; that no member has ever complained about the arrangement; and that the new system would require the setting up of about 500 committees, at a cost of £25,000 a year.

The reply in effect is that the scheme is to be essentially democratic. Societies which manage their business economically will get the benefit of their savings. Societies which do not must bear the deficiency.

It is the individual member who either receives the advantages or suffers the loss. A member cannot fairly be asked to pay for losses occasioned by bad management over which he has no control. And the State is offering advantages worth much more than the cost of running local committees. Therefore it seems obvious that the Chancellor of the Exchequer will ask the Hearts of Oak to submit to the general rule, but see, however, my note to clause 21.

There is little doubt that the feeling of members of friendly societies is hardening against the scheme. The fact that the Chancellor of the Exchequer first of all consulted with some representatives of some of the big societies and submitted portions of his scheme to them, coupled with the sympathetic tone of his speech on introducing the Bill, won widespread favour from the members of the various societies, even among those who had always been hostile to the compulsory principle, but a closer study of the Bill is revealing its many defects, and the penalising nature of many of its clauses. If, also, as a result of the doctors' agitation the friendly societies are to be deprived of the control and management of the medical benefits, this growing feeling of disappointment with the Government proposals will be intensified.

The Medical Association principle by which local branches of friendly societies have combined together for medical benefit purposes has become so general in provincial towns that any scheme of the Bill which will render such association impossible in the future will be resented by the members, who desire to continue this system of medical benefits; and if, as a result of the Bill as at present drafted, together with the modifications which must be introduced to satisfy the doctors, the control of the medical service is to pass out of the hands of the friendly societies even for their present members, this may bring to a head the growing hostility which is becoming manifest against the Bill.

It is a very moot point whether the Government have been wise in fixing the membership of an approved society at so high a number as 10,000, for in spite of the advantage of that idea, yet as a matter of fact the smaller the society, the greater knowledge each member should have of his fellow members: as in the case of local credit societies, each man was in a position to go bail for his

fellows, and this will be the best, and indeed the only way of stopping malingering.

Many of the smaller societies are strongly objecting to being absorbed or compelled to amalgamate. Audible expression of discontent on this point was given at a preliminary conference of small societies and their sympathising larger brethren held at the offices of the Royal Standard Society, Great Ormond Street, and among those present were representatives of the United Patriots' Benefit Society (28,000 adult members and 8,000 juveniles), and the Royal Oak Benefit Society, which has a total membership well above the required strength.

The scheme as revealed in the Bill was discussed at considerable length, and the officials present constituted themselves a committee for the prosecution of a campaign in defence of the smaller societies. With this object, it was decided to call a conference of all societies in Greater London and the home counties for the purpose of protesting strongly against the 10,000 limitation and the obligation to establish local committees.

The organisers of this defence movement take a serious view of the situation so far as the small friendly societies are concerned. They fear that the Bill, as it stands, threatens the majority of these bodies with annihilation; and they contend that the work they have already accomplished among the working-class population makes them worthy of a better fate.

"But why should not the principle of amalgamation be resorted to?" the representative of one of the more influential of the small societies was asked.

"We have no liking either for amalgamation or federation," he replied; "and that is probably the feeling of most of us. It is true that, unless something is done, and done quickly, the days of most of us will be few after the national scheme has been launched; and that

it is going through both Houses of Parliament at an early date admits of little doubt. Both parties are favourable to the principle, and the country is obviously inclined to have the experiment tried. But many of the centralised societies possess advantages they would be loth to part with, and the possibility of losing these and their identity together by amalgamation will, we hope, induce them to fall into line for the purpose of a common protest."

Take the case of such a society as the Royal Standard Benefit Society, whose membership is something like 2,000 below the requirement of the Bill. It is contended on behalf of this society that, with an annual income of nearly £24,000 and a capital of £135,000, it should be quite as acceptable for the purposes of the national scheme as any of those societies which come up to the 10,000 standard of membership.

A difficulty in reference to so many of the smaller societies, however, is that a great number of them are financially unsound, and Sir J. Whittaker has pointed out the importance of Government supervision of funds in order to secure solvency. He urges that a large number of branches of friendly societies are at present financially unsound, and really insolvent, and that how to deal with malingering was the ever present difficulty of friendly societies. While public health was improving everywhere and the death rate diminishing, sickness claims were increasing. That to prevent malingering there must be close personal and interested supervision, for societies found that the greater the benefits the greater the sickness!

One thing seems very certain, either we must work this Bill through the approved societies as in the Bill, or else it must be worked through a vast system of bureaucratic inspectors, as in Germany, and then it would be much more difficult to stop malingering than by using the machinery of the societies.

There is one fact greatly in favour of the present members of the friendly societies which has been rather overlooked, namely, that the Bill frees a part of the accumulated funds of the societies. Members have been paying into these societies for years, and so accumulating a great reserve credit to be drawn upon in the hour of sickness. The State now comes forward and undertakes that responsibility, and so a large proportion of these funds which have been accumulating are set free. The total of such amounts thus set free must be very great, seeing that in one society alone—the Oddfellows—the reserve funds so freed are $3\frac{1}{2}$ millions. The Chancellor of the Exchequer estimates the funds of the friendly societies and trade unions which will be so freed at 12 millions.

For amendments desired by the friendly societies, see Appendix C.

Slate Clubs, Dividing and Collecting Societies.

The effect of this Bill is to prevent these societies coming into the scheme. They divide their funds periodically among their members, and so run counter to clause 18 (2) (ii). The Chancellor of the Exchequer informed the committee of friendly societies' representatives that the scheme was to be worked through societies of *their* type, and that it was not right for societies to come in which had never taken up the question of sickness insurance.

A special meeting of the executive of the National Federation of Dividing Societies was accordingly held to consider the position, which is an exceedingly serious one for them—for if the Bill were passed as framed, and in accordance with the above expression of opinion of the Chancellor's, it would most probably mean the extinction of the majority of these societies, many of which have done a good work in the past. It was said at this meeting that 385 societies, with a membership of 360,000, were affiliated, but that tens of thousands of members would be unable to secure admission to any "approved" society, on account of ill-health, and that they would have therefore to become Post Office contributors. It was decided to take steps to constitute an association of societies, as provided for in the Bill, which should include all the members of each affiliated society, who would be compelled to become members of an "approved" society. Such an association would, it was hoped, probably include from 200,000 to 250,000 members. Even this remedy, however, would still leave some 100,000 to 150,000 out in the cold, so that these men who had given evidences of their thrift in the past would be compelled to join in the

throng of thriftless and out of health people for whom only the Post Office scheme is left.

The secretary of the National Association of Registered Friendly Societies wrote to Mr. Lloyd George pointing out the hard case of the dividing societies, and in his reply the Chancellor of the Exchequer says:—"I am anxious that the dividing societies should be qualified as approved societies for administering the health insurance scheme, and the Bill has been framed with that deliberate intention. It is contemplated that a dividing society should be able to establish a separate section to administer the benefits provided by the scheme, but should maintain absolute freedom to continue its existing work unimpaired and unaltered in all other respects if it wishes so to do. I may add that when the Bill reaches the Committee stage I shall be glad to make any amendment which in the light of discussion may appear necessary to remove all doubts."

A conference was then held between the Chancellor of the Exchequer and Mr. Rockliff, representing the National Association of Registered Friendly Societies, and the National Federation of Dividing Societies, and the outcome of the conference was that important concessions were promised to the dividing societies.

Among them, it is understood clause 18 is to be amended so as to make it clear that dividing societies are entitled to approval, and clause 55 will also be amended to make it clear that these societies are entitled to continue to deal with the ordinary funds as at present.

The Bill is also to state expressly that an approved dividing society need not amend its existing rules as regards its ordinary funds so long as it adds rules governing exclusively the State section which each approved society must possess.

This change of front has given great offence to the big friendly societies. At the special meeting of the Ancient Order of Foresters the Chancellor of the Exchequer was plainly accused of breach of faith; his speech

on the second reading was quoted, and he was told that he had now absolutely thrown the friendly societies overboard. They have been in negotiation with him for two and a half years, and during that time he has always told them frankly that he was going to eliminate "rotten dividing and collecting societies and clubs," and they now contend that he has absolutely departed from that promise. They complain that they have been sold, and that the Chancellor has broken faith with them. The following resolution was unanimously carried:—"That the expressed opinion of the Government to include collecting and insurance companies and dividing societies as approved societies under the National Health Insurance scheme was a direct attempt to open competition against properly constituted benefit societies which must have a detrimental effect upon them, and that the meeting strongly protested against such bodies being utilized against societies which had always worked for the payment of sickness benefits."

Additional Benefits.

The approved societies will have to deal with the contributions and benefits as provided under the scheme, according to their regulations and rules. There will, however, be a Government valuation and a Government audit, and proper books of accounts will have to be kept by the societies in connection with all the amounts received under the State scheme. The Attorney-General said the object of the framers of the Bill in leaving the matter to the societies was that they might have every inducement to administer funds efficiently and with a due regard to economy, and particularly that they should keep a watchful eye on the evil of malingering. If the balance sheet at the end of each triennial valuation shows a surplus, this surplus may be applied to the additional benefits which are to be granted to members of the society. The benefits are circumscribed by Part II. of the Fourth Schedule, but they are not to be dealt with in the way that the society may desire, except in the selection of a particular benefit which the society think should be given. It would not be open to give a death or a funeral benefit at the end of the year, but the society may take one of the other benefits mentioned in the schedule. Those who are managing the society, as well as the members, will have every interest in administering the funds well, because to the members will go the additional benefits which may be paid out of the funds. If, on the other hand, there is a deficit, the society will have to make it good either by a levy on its members, by reducing the benefits, or by postponing them. If a society, for example, does not keep a watchful eye on malingering, or is too easy in the distribution of its benefits, the members of that society will be called upon to make up the amount..

Excessive Sickness.

There is provision in the Bill (clause 46) to deal with the question of excessive sickness arising in any particular locality, and so adversely affecting a large number of members of approved societies in that district. Whether such excessive sickness is due to the insanitary condition of the neighbourhood or to the insanitary state of a factory, the result would equally be that a deficit would fall on the members of the local societies. To remedy this, powers are given to the local health committees to hold inquiries. If as the result of such inquiry such excessive sickness is found to be due to bad housing, insanitary conditions, &c. the cost of such sickness is to be repaid to the approved societies and the health committee by the local authorities, and they can pass on to the owners of insanitary property the whole or part of such levy.

I must say I do not like these provisions. They are too drastic and novel to include in a Bill of this kind, they make it controversial, and it is overloading the Bill to insert provisions in it for a reform of the machinery of the Public Health Acts.



Doctors.

Directly the Bill was introduced and received amidst an almost universal chorus of applause, there was one class who not only did not welcome it, but who from the first condemned it in no uncertain way. Before other people had had time to examine its provisions and discover its various defects, the doctors throughout the country rose as one man against what they consider its injustice to themselves. The Chancellor of the Exchequer made the unfortunate remark that it "was not a Doctors' Endowment Bill," and the entire profession, smarting under a sense of annoyance and injustice, seem determined that rather than submit to the terms first offered, they would absolutely refuse to have anything to do with the Bill! As without them the Bill would be a dead letter, Mr. Lloyd George has offered to meet them in some respects, but they are still far from satisfied, and it is absolutely certain that something more will have to be done, both to remove the sense of injury under which they are smarting, and also to recompense them in a measure more adequate to their position, talents, and hard work.

The scheme when the Bill was first presented was that doctors were to attend all contributories for the sum of 4s. 6d. a year each, exclusive of medicine. (The basis on which the actuaries have worked the scheme is that 6s. per annum is allowed for each person: 4s. 6d. of which is to go to the doctor, and 1s. 6d. for drugs, &c.) The contributories include all workers who are earning not more than £160 per annum, and all manual workers, even though their earnings are more than £160; and, of course, the doctors are to attend all these workers not only when they are picked lives, such as the societies would

pass, but also all those whose health was so much under par that the societies would refuse to admit them, and so they would be forced to become deposit contributors through the Post Office system. In addition to the foregoing the doctors are also to attend all those who cared to become voluntary contributors, so that, as Mr. Lloyd George said he intended his children to join, and that as even such a personage as the Governor of the Bank of England was eligible, it means that should the latter choose to pay 7*d.* a week he will be entitled in future to medical attendance free! Is it any wonder that the doctors kicked?

Under the Bill also medical benefits are to be administered through the friendly societies, and the doctors complain that their experience of the societies in the past has not been such that they care to continue to serve under them under the greatly extended objects of the Bill. They complain that the treatment of the societies has often been harsh and arbitrary, and that they will not render themselves liable to similar treatment in the future.

To go back to the amount of the doctor's fee. Doctors have been in the habit now for many years of attending members of the friendly societies at a rate of so much per annum, including medicine. This flat rate has varied in different places, and although 4*s.* a year, including medicine, has been the rate in many places, in some localities it has been lower, while in many it has been much higher. For instance, in an industrial town like High Wycombe, the rate has been 6*s.*, and 8*s.* if the member lives over three miles away; 5*s.* has also been a very usual rate, while in some places the rate is as high as 8*s.* 6*d.* And it is a curious fact that the Government have been paying 8*s.* 6*d.* for their Post Office employees! In the Durham and Northumberland colliery districts I understand the rate is as high as 13*s.* for a single man, and 19*s.* 6*d.* for a man and his family.

While, however, this flat rate of payment has been the general rule with societies, there are exceptions; for instance, the National Deposit Friendly Society does not pay on this flat rate system, but allows 2s. 6d. per visit, or 1s. 6d. if the patient attends at the doctor's house, and 1s. for medicine without attendance. This society, by the way, has the lowest sickness rate, and it is said that here malingering is practically unknown, the reason probably being that under this system a member takes his sick pay out of his own deposit.

But whatever the rates may have been in the past, they were accepted by the doctors under very different circumstances to those which will prevail under the Bill. In the first place the rate paid was for medical attendance on picked lives; now the attendance is to be on all contributors, however poor their state of health may be. In the next place, most of the doctors took this small flat rate for club members as an addition to their ordinary practice. They often did it from charitable motives, knowing that in many instances it did not pay them, and of course they often did it as a start while they were working up a connection. Now, however, they will not be able to continue to accept anything like the previous rates, because in many practices the Bill, owing to the high wage limit and voluntary contributors, will cover practically all their patients. Especially will this be the case in poorer and working class districts, so that the doctor will then have no private practice left to recompense him for the small flat rate. The third reason is that whereas in the past doctors have only attended club members at these small rates, such members being principally drawn from manual labourers, now they will have to attend all employees earning up to £160 a year, and all manual labourers, although they may be earning far higher wages than this, and in addition they will have to attend any man who earns his living, from the Governor of the Bank of England or a

Cabinet Minister downwards! So that the Bill offers the option to these richer patients (to whom the doctors have looked in the past to recompense them for the nominal amount they have received from the labouring classes) to have their medical attendance in the future at the same nominal rates as club members.

Another objection is that if the societies in any particular town nominate two or three doctors, what is to become of the other practitioners in the town? The majority of their former patients will now be swept into the scheme, and these doctors will be left to starve!

Another very serious consideration is the value of practices. Doctors have in many instances paid large sums for their practices. Under the Bill these values will disappear. If a doctor is one of those appointed by the societies, it is only a personal appointment; he cannot sell the value of this connection (though in the past the practice has been to assess the value of such appointments), because there would be no guarantee that his successor would be appointed. While as for the value of the practices of those doctors who were not appointed, the value of many practices, especially in industrial districts, would be entirely gone, because the patients would have been transferred to the society's doctors; hence the doctors owning such practices would not only see their income diminish or disappear under the Bill, but the price they had paid for such practices would also be lost.

Under these circumstances it is not surprising that doctors from all parts of the country have been writing to the papers every day since the Bill was introduced, complaining of its provisions affecting their profession, and pointing out the hardships to which they would be subjected, and showing the loss they would sustain, both as to income and the sale value of their practices.

I append only one of the hundreds of letters I have read as a sample of these expressions of the doctors' feelings.

“Sir,—Is our profession going to sit still under this iniquitous scheme and be robbed of capital and income? I for one will not believe it. We as a body, solid to a man, must demand:

- “1. A wage limit (say 35s. a week) for those insurable and eligible for medical attendance.
- “2. No persons over this income, whether servants or masters, to be eligible to join—*i.e.*, no voluntary members.
- “3. Pay for work done and not remuneration by capitation fees.
- “4. No management by the friendly societies.

“By standing solid we can get our terms. It does not appear to have struck politicians, but as the scheme stands:

- “1. Everyone with an income under £160 is compelled to join.
- “2. Anyone earning an income even of £10,000—a colliery proprietor, a brewer, a farmer, a bishop, a wholesale merchant, a member of the legal profession or of the Stock Exchange—can by paying 7*d.* a week receive 2*d.* from the State and enjoy sick benefits and medical attendance at the rate of 6*s.* per annum; while a poor widow, left with an income of £200 per annum and a family, does not partake of those benefits. Surely she can hardly be classed as one of Mr. George’s ‘idle rich.’

“Our profession has been exploited in the past in many ways—to enumerate a few:

- “1. We have to sign death certificates free of charge.
- “2. We are constantly being asked for school attendance certificates, many of us 500 a year or more for which we get no pay, though by our granting them the school authorities get their grants.

“3. Now that the examination of school children is an established fact, we get all manner and sorts of things sent to us, with no remuneration offered or provided for by law. I myself have had twenty-two cases sent for operation in a fortnight.

“These are some of the injustices we suffer from, and now are we ‘to turn the other cheek’? It is time we stripped off the gloves and made a fight to a finish. United we shall not lose. Unless Mr. George will grant our demands, framed on some such scale as I have drawn up, let us as a body absolutely decline to have anything to do with his scheme in its present form. I am all for helping the poor, but I am not in favour of being ‘robbed by the rich.’ If we stand firm we can wreck the Bill, as there are not the ‘blacklegs’ to do the work.

“I am not at all sure that it could not be argued that the provisions of the Bill are illegal as interfering between two contracting parties, and also interfering with vested interests. Anyone who put £2,000 or £3,000 into a practice and who has been expecting to realise that amount in the future cannot now count upon getting anything at all. I understand that the depreciation in capital will be anything from six to twenty millions.

“I appeal to all members of our profession to stand firm, show a front unbroken, and, unless Mr. George gives us our just terms, which, after all, are not exorbitant and only mean a living, not a fortune, let us decline to have anything to do with the scheme and so render it useless.”

Numerous meetings of protest have been held throughout the country passing such resolutions as the few I append as examples:

“That the Godalming and District Medical Society views with the gravest apprehension the financial loss to medical practitioners which will be caused by the Insurance Bill should it become law in its present form,

and appeals to the British Medical Association, as comprising the largest number of members of the profession, to take prompt and energetic measures to safeguard the interests of the profession.

“We pledge ourselves to resign any friendly society appointment for medical attendance which we at present hold, and to decline any similar appointment which may be offered, if required to do so by the British Medical Association.”

A largely attended meeting of members of the Fulham branch of the British Medical Association unanimously carried resolutions demanding alteration in the Chancellor's proposals.

A meeting of doctors of the Liverpool district unanimously passed a resolution declaring that no scheme of insurance would be satisfactory unless it contained provisions for an income limit, free choice of doctor, the latter responsible to the State, and adequate remuneration.

And in the many hundreds of meetings held, the unanimous objection of the medical profession has been chiefly directed against:—

The proposed payment of a fee of 6s. per insured patient per annum. This 6s. includes about 1s. 6d. for drugs and appliances.

The abolition of the patient's choice of doctor.

The control of doctors by the friendly societies.

The absence of a wage limit above which no worker should be entitled to the State medical benefits.

The British Medical Association has been besieged by its members to protect them and the profession generally against the Bill, and since the Association has taken up the cudgels on their behalf, thousands of new members have joined the Association for the sole purpose of endeavouring to make their protests more effective. There can be no doubt but that the profession is stirred to its very depths.

A special meeting of the Council of the Royal College of Surgeons of England has been held to consider the National Insurance Bill so far as its proposals concern the medical profession. The Council recognize that an efficient national insurance scheme would prove of great advantage to the country, and are in sympathy with the aim of the proposed Bill to provide for insurance against loss of health and for the prevention and cure of sickness. The benefits conferred by the part of the Act (section 8) essentially demand the judgment and assistance of the medical profession, and the Council decided to draw the attention of the Chancellor of the Exchequer to certain matters which are regarded as of the utmost importance by the members of the medical profession.

The Council express the opinion:—

- (1) That the administration of the medical service should not be placed in the hands of the friendly societies, insurance societies, or other associations of a similar character.
- (2) That the medical profession should be represented by members of the medical profession on all committees or bodies in whose hands the administration of the medical service is placed.
- (3) That the persons insured, whether voluntarily or by compulsion, should, as far as practicable, be free in their choice of the medical practitioner to attend them.
- (4) That persons whose incomes average more than £100 per annum should not be permitted to receive medical benefit under the scheme.
- (5) That, although it is not yet possible to express an opinion on the remuneration which has been suggested for medical service, on account of the uncertainty which still prevails regarding the relative amount to be apportioned

to attendance and to materials, no attempt should be made to force upon medical men a service which is not sufficiently well paid to yield a proper remuneration for the labour entailed.

“For some years past the length and costliness of the medical curriculum have made it increasingly difficult for persons to enter the medical profession. The incomes made by many practitioners are wholly inadequate to recompense them for all this cost and labour; and any scheme of medical insurance, therefore, which threatens to diminish these small incomes will, in the opinion of the Council, be fraught with serious consequence in the future, both to the public and to the medical profession.”

In communicating these resolutions to the Chancellor of the Exchequer, the Council stated that they were in accordance with the views of the great majority of the Fellows and members of the College, that the members of the medical profession have never been more united in feeling than they are in relation to the matters referred to, and that they looked forward to making a further communication upon points of importance in connexion with hospitals and medical education.

On the 31st May and 1st June a great special representative meeting of the British Medical Association was held in London for the consideration of the Bill. The meeting was so representative and important that the Chancellor of the Exchequer thought it wise to attend the meeting and discuss the scheme with the members.

The first question discussed was that of the free choice of doctor. Mr. Lloyd George's reply was: “I have already said something with regard to that in the House of Commons. Personally, I am strongly in favour of it. There are difficulties. There are vested rights which have already been created where doctors have got

the care of clubs and patients, who are already registered in those clubs or paying regularly to them. Very often it has been the matter of a bargain and sale of the practice, where the club practice has been purchased on the understanding that those patients are more or less under the care of the doctor of the club. I want you to consider, therefore, first of all, before you come to an examination of the proposals made with regard to the free choice of doctor, the vested interests which have been created and which exist at the present moment where there are club doctors with a club practice which they may have purchased. Subject to that, I am on all grounds in favour of a free choice of doctor. I think one of the essentials of curing is that the patient should have faith in his doctor; and you cannot have faith in your doctor if you have doctors thrust on you whom you have not chosen, who for various reasons, most of them unsatisfactory, the patient may not believe in. Therefore, I am myself strongly in favour of the system which I believe exists in two or three towns of this country of setting up a panel on which all qualified medical practitioners will be able to serve—not compelled to serve, no doctor will be obliged to take this work—but on which a qualified medical practitioner will be qualified to serve.

“I want to make one very important qualification here. If a panel of that kind is to be a success the doctors themselves must exercise disciplinary powers, otherwise it will be a failure. It practically means handing over to the doctors in each district the control of the medical arrangements. That involves that the doctors have not merely the responsibility of curing their patients, but they have the responsibility of suppressing touting, unfair canvassing, and also for checking ruthlessly the practice of malingering. It may very well be that in a district a medical man may have the reputation of being free and easy with his patients, and of not being too severe upon them when they claim sick pay; and he

may add to the number of his patients by having the reputation of not being too severe upon malingerers. The doctors ought at once to take in hand the punishing of that form of encouragement of malingering. Subject to the medical profession undertaking the responsibility of treating that form of toutting, advertising, canvassing, and encouragement of malingering as infamous conduct in your professional sense, I should be delighted to see a free panel of doctors set up under the care of the local doctors themselves."

On the question of the abolition of the control of doctors by the friendly societies, Mr. Lloyd George said: "Your chairman has informed me that in your view it will be far better if the whole of the medical service were taken out of the hands of the friendly societies altogether. (Loud and prolonged cheers.) I am not in the least surprised at that demonstration, because I must say you have a very legitimate grievance in many respects. It is not merely your grievance; it is the grievance of the patients as well. I am entirely with you in this—entirely and wholeheartedly with you in this—and if you can persuade the House of Commons to consent to the transfer of the whole of the medical attendance, including maternity, to the local health committees, you will find me an enthusiastic supporter of that proposal. (Loud cheers.) But you must remember there are two sides to this question, and that the approved societies will not readily resign this power. You have brought a good deal of pressure upon me during the last few days, and I want you to transfer that pressure from me to the House of Commons. I am entirely of your view as to this; I do not believe you will ever get a satisfactory medical service until you do transfer it to the local committees. [Mr. Lloyd George here referred to an interview with a deputation from the Hearts of Oak Society.] I am strongly in favour of it for two reasons. One is that you will have representation on the local health committees. The Government appoints

one-fourth of the representatives on the local health committees. We propose to appoint local practitioners, among others to represent us on the local health committees, not, I warn you, merely to look after the interests of the profession, but to look after the interests and the health of the community as well. We shall want you, not as delegates of your profession—you will forgive me for speaking quite plainly—you will be there to see fair play to your profession, but in the main you will be there also as experts who understand the fundamental principles of health to guide and instruct the committees in really cleansing the land of the foulness which breeds disease at the present moment. You will have to bring pressure to bear upon your members for this purpose, and your only hope of getting a transfer to the local health committees, your only safe method of doing it, is by putting yourselves at once into communication each with his local member and getting him to pass an amendment in this sense. May I say another word about the local health committees, if I am not taking up too much of your time? (No, no.) Personally, I am very opposed to their being committees of the County Council. I think it is far better they should be independent bodies. However, I should like to hear your opinion later on upon that subject."

The Chairman: "There is one question on that. Will the Chancellor of the Exchequer accept the position of the British Medical Association that the machinery of medical benefits can only be adequately and successfully settled by direct arrangement between the medical profession and the State—that is, the insurance commissioners and the local health committees?"

Mr. Lloyd George: "That is practically the same thing. I am strongly in favour of the local health committees arrangement. I told you that there were two reasons why I preferred the local health committees. I

do not mind admitting medical service is probably going to cost much more than I anticipated. I do not want to encourage you to ask for too much. In order to show you that I thought so even when I framed the Bill, let me refer you to a special provision here. You will find it in sub-section (5), clause 14. I propose there that where the fund for medical attendance is inadequate the Treasury and the County Council between them can make up the deficiency. The Treasury is prepared to pay half of any deficiency. That is the first time that the Treasury has come to offer to pay half of the medical charges for curing the people of this country. . . . I do think that it is a great mistake for the public to under-pay any profession, especially a profession which has got the life of the public more or less in its hands. I felt perfectly certain that it was no use making any provision for payment which was not an elastic one, and an elastic one means an expanding one. That is the real elastic of this Bill. This contains all the expanding power. The rates and the Treasury will come to the rescue. You may say that the rates will not. The rates will, and I will tell you why. It is to the interest of the ratepayer to do this work through the health committees, because otherwise he will have to do it through the parish doctor: he gets the advantage of the State paying half if he does it through the local health committee, and you may depend upon it that if you are well represented, and I am sure you will be, on the local health committee, this measure will put the medical profession, especially in the industrial districts and in the country districts, upon a better and a more satisfactory footing, and, what is more important for you, as I know as a professional man who had had to go through the same sort of struggle, on a more secure footing than it ever has been."

The Chairman: "Will the Chancellor support an amendment in the Bill to place the whole administration of medical benefits under the local health committees?"

Mr. Lloyd George: "Certainly. I said so. This is very important. It depends entirely upon the measure of support which you secure for me there. After all, the Government has to consider the interests of the whole Bill, which must not be recklessly endangered; but the whole of my support will be for this.

The Chairman: "The next question is one which is addressed to myself: 'Why has the chairman entirely omitted to announce our absolute refusal to accept friendly society management?'" (Cheers.)

Mr. Lloyd George: "If by friendly society management is meant the absolute control by the friendly societies, that is at an end for ever under this Bill. At present the medical profession are left face to face with the friendly societies, there is no appeal; whereas in future the insurance commissioners stand between the medical profession and the friendly societies. The money is paid now to the friendly societies. In future the money will be paid to the insurance commissioners, and the friendly societies simply get credit for it. We do not part with that cash except upon conditions which we regard as perfectly fair, not merely to the medical profession, but to the patient as well; what is still more important is this, one great grievance against the friendly societies is that they now make a profit out of the doctor. They save the money that ought to go to pay the doctor for the purpose of increasing their benefits. That we will insist upon their not doing in future. In fact that is the meaning of that clause. It will be part of our responsibility, part of our obligation, and our duty under the statute to see that the money which we intend should go for medical benefits shall go there and shall not go into the pockets of the friendly societies for distribution or any other benefits." (Cheers.)

The next point was a resolution of the meeting that

those with an income above £2 per week should be excluded from the medical and maternity benefits.

Mr. Lloyd George said:—"I am afraid I cannot be as satisfactory in my answer here, but I want you to listen to me. I want you first of all to realise the difficulties. Take, first of all, the industrial classes of this country. You could not impose an income limit upon the industrial classes, and I am certain of it." (A voice—Why?) "In the first place, the vast majority of the well-to-do workers are already in clubs—the vast majority but not all. The miners, who are highly-paid workmen, are almost entirely in clubs. I see a gentleman here who has one of the largest and most important practices of that kind in South Wales, and I have no doubt he has been very angry with me the last few days, although he is an old friend of mine. Are you going to cut them out? If you do, I do not believe you would get any member of the House of Commons to propose it, unless he were a University representative (laughter), and, if you did get a University representative to propose it, I am certain you would not get a seconder. I want you first of all to bear in mind that this Bill has to be carried, not through the Treasury, not through the British Medical Association, not through the friendly societies, but through the House of Commons; and the House of Commons represents, in the first place, something like half a million miners. You could not do it. The same thing applies to engineers. There you have another highly-paid class of workmen, and if you propose to cut the engineers out you could not do it. It is no use asking for a corner of the moon, and that is really what it is you are asking from the House of Commons—a thing that no man in the House of Commons dare get up to propose."

Dealing with the objection to the absence of a wage limit above which no worker should be entitled to the State medical benefits, Mr. Lloyd George said:—"I have

dealt with the industrial classes, and now I come to what I regard as much more important, the voluntary insurer. When you come to the voluntary insurer—the tradesmen and those whose income is, say, over £160 a year—there I agree that you have a case, and I am quite prepared to consider it. I shall have, of course, to hear and take the opinion of my colleagues, and I shall also see what the opinion is in the House of Commons; because, after all, a minister is only one out of 670. I am quite prepared to consider here an income limit, so that the man who is earning his £200, £300, or £400 a year shall not be entitled to claim medical services at 6s., 7s., or 8s. a year, or whatever it is. With regard to the industrial classes, I do not believe you will ever persuade the House of Commons to give an income limit. One reason is, you may get an engineer earning this year £200, but go to him in a couple of years and he is not earning £50. The fluctuations are enormous in certain trades. The same thing applies even to the miners. At certain times, when times are bad, they are not earning half what they earn at the very best times. I would ask some of my friends in the colliery districts, can they get a single member for those districts who dare in the House of Commons propose to exclude the colliers earning £3 or £4 a week? Of course they could not do it. If I may say so, I am willing to meet you in all things which, I will not say are merely reasonable, but practicable, and I am here to do it. But . . . I tell you frankly that in my judgment it is absolutely impossible to introduce any limit for the wage-earning workers—quite impossible. You would not carry it out, but when you come to the voluntary contributors to the scheme, there I agree with you that it is desirable there should be an income limit. I will support an income limit with regard to those. I think you put it too low, but I am quite willing to consider, and consider favourably, any income limit that would exclude the voluntary contributors above the income tax limit. Beyond that

I could not possibly at present go, and I am very sorry that we should have come to a point on which we are not in agreement yet."

The Chairman: "Does the Chancellor of the Exchequer recognise that if the income limit is extended to £160 the average cost of medical attendance must be distinctly greater than if the limit is £100?"

Mr. Lloyd George: "Yes, I do take that into account, certainly. . . . The only thing I will say is this, that we are also entitled to take into account that for the first time you are getting security for payment from a class where you had no security before." ("No, no.") "What I say you are entitled to take into account when you make your arrangements, and are entitled to press on the health committees and the insurance commissioners, is that you are for the first time taking into your arrangements a class of persons who up to the present have been paying you a fee for attendance: but I say it should also be taken into account that you are for the first time getting security for payment from another class, not the same class. That does not apply to all of you, but I am certain that the country practitioner attends to that class now. I am entitled, on behalf of the insurance commissioners, to say that for the first time you are getting a guarantee of payment for that class. . . . I have in the last few days heard of cases of that kind in London where the doctor is never called in except at the last moment, because the friends feel they must have a death certificate. I have heard from the East-end of London and from Fulham that the doctor has only been called in because the friends say, 'We cannot afford to have an inquest'—when it is too late for the doctor to save the poor wretch. To the doctor in such circumstances the State would for the first time give something when there was nothing before. I appeal to you. You are the great healing profession. Of course your first consideration is the con-

sideration of your own homes, I agree. You must see that you are fairly treated. No man who is not fairly treated can do his duty; but for the first time we are making an effort to come to the rescue of millions of wretched people who cannot afford your assistance at the present time." (Cheers.)

The next question discussed was the objection to the proposed payment of a flat rate of 6s. per insured patient per annum, this 6s. including 1s. 6d. for drugs and appliances.

In reply to a suggestion that the conditions of remuneration were unsatisfactory,

Mr. Lloyd George said: "That is a matter of judgment. All I will say about that is, you must remember this Bill does not settle the conditions. The conditions of remuneration are to be settled afterwards between the health committee, the advisory committee, the insurance commissioners, and yourselves. That is the time to fight that question out. I still say that if you attempt to put in a scale in an Act of Parliament you will make the greatest mistake of your lives. In the first place, you cannot have a scale which is applicable to each district. Each district must be considered according to its own conditions. There is also this to be said—if you fix a rigid scale you cannot alter it, and if in times to come you think the rates ought to be put up, let me tell you that there is only one thing more difficult than carrying an Act of Parliament, and that is to amend it."

The Chairman said the next question was of remuneration, both as regards the method and the amount; first, as regards the method. They believed that the State which undertook this scheme should be prepared to pay for good services in respect of that scheme, and that, therefore, the State should be prepared to pay for all services on the scheme of payment for work done.

Mr. Lloyd George: "If you mean that the doctors send in a bill in each case, frankly I think that is impossible. . . . If you are going to allow the patients an unlimited right to call the doctor in when the patient likes, and get his bottle of medicine, and that every bottle should be charged for and every attendance charged for, that would break down the scheme so hopelessly that it would be futile to proceed with it. Therefore, I would respectfully suggest to the meeting that it is far more important for them to fight out, not in the Bill, but afterwards with the advisory committee and the insurance commissioners, the scale of the fee which should be allowed."

The Chairman asked if Mr. Lloyd George had realised that the payment of medical men by capitation fee meant paying them in inverse ratio to the amount of work they did; and that, apart from the amount of the remuneration, under any capitation fee, the majority of the medical practitioners of this country objected strongly, and would in fact refuse, to accept work on contract terms.

Mr. Lloyd George: "I have an answer in the words of a medical man; you will find it in the supplement to the Report of the British Medical Association:—

'On the whole, I consider my position with regard to my clubs satisfactory; I find my members grateful. I unhesitatingly condemn the entire club system, as it exists at present, as unsatisfactory both for the patients and the medical men; but I would strongly deprecate any interference with it until some better scheme for universal application has been devised. Up to the present, I fail to see that a practicable one has even been suggested. I believe contract practice in some form in a district like mine to be absolutely necessary.'

That really represents my position in the matter. I do not think it is satisfactory. . . . ; but, up to the present,

I have not heard a single suggestion of an alternative which seemed to me to be practicable."

The Chairman: "A number of our members are of opinion that if the system of payment for services rendered be not tried on a general national scale, at all events it should be tried on an experimental scale in certain districts. Is it competent for the members in a locality to impress as strongly as they possibly can upon the local health committees, even to the extent of organising a local medical strike, that such a system should be, in that area, tried?"

Mr. Lloyd George: "There is nothing in the Bill to prevent the experiment being tried, but I must put in this word of caution. Supposing that you had a local health committee for a whole county, you could not have half-a-dozen favoured districts drawing an unlimited amount from the local health committee and getting a sort of Paradise for doctors and patients in that corner of the county to the detriment of the rest of the doctors in the whole of the same community. . . . It would be useful to have an experiment tried, in order to see whether it is possible to run it; but I would like to see the experiment very carefully tried first before you apply it in a general way."

The Chairman said that they had been pressed in various quarters and for various reasons to, at all events, mention a *minimum* capitation grant. He asked whether the duties of medical practitioners under the contract would be clearly defined and all extra service be paid for on an agreed scale. By extra he meant such as operations, consultations, night work, the administration of anaesthetics, and mileage. Was Mr. Lloyd George willing to provide that emergencies of all kinds should be excluded from the medical attendance? Would an insured person be able to claim medical attendance from a doctor belonging to an area different from that in which the insured

usually resided? Then there was the position of the unmarried; and also the very important point with regard to diseases due to misconduct in the sense in which that was usually taken. It was suggested that persons suffering from such disease should be excluded from medical benefit.

Mr. Lloyd George: "Some of the questions descend into details which are very important and which will have to be considered, but upon which I should hesitate very much to express an opinion at this stage. Generally, I may say this: Of course the payment of a specialist would not be included in the capitation fee, and, therefore, if there were consultations, they must necessarily be outside the range of whatever capitation grant is paid. . . . That would not be a burden cast upon the medical man, but the society—or the local health committee, as the case may be—would have to pay that fee. With regard to operations, that also I should put in the same category. Most of the serious operations . . . would be performed in institutions, and I can well understand the medical profession insisting upon special arrangements being made for serious operations. That is a matter which you will have to arrange with the local health committee, and with the societies, as the case may be, subject to the approval of the insurance commissioners. I can well understand your charging in these very special cases an extra fee. But there is real danger in allowing what is called 'extras.' . . . So that we must very carefully scrutinise the demand for any extras, and not allow too wide a margin for demands of that kind. . . . Mileage is an important thing, but I do not think there should be a fee for emergencies. . . . At the present moment, night work, I believe, is included in the general contract fee. That is a matter I would rather not pronounce upon . . . until I get the opinion of the medical advisers who are to advise the commissioners. . . . All I will say is this,

that there will be nothing in the Act of Parliament to prevent your demanding a fee for night work. . . . With regard to curing the man who has brought on illness by his own misconduct, . . . we had to make provision for this, because it is not merely the health of the man himself, but it is the health of those dependent upon him, and the health of the community. In fact, it is in the interests of the medical profession as well as the country that he should be cured at the very first possible moment, because you may depend it will come back to the medical profession, and it will come back in the shape of much more serious disease, and, when it does that, the burden is upon you."

The Chairman asked why the Government proposed to penalise the Post Office contributor, and so set up a monopoly for the friendly societies.

Mr. Lloyd George: "There is only one thing I would say about the Post Office contributor, and that is that the 6s. basis does not come in in that case. You certainly can not be expected to take people who are already ill at that rate. The reason we thought the 6s. was fair was that you will be getting it for people who were well as well as those who were ill."

Replying to the Chairman on the goodwill of practices, Mr. Lloyd George said: "For the moment it will affect goodwill; but the moment the medical profession and the Government come to an understanding and it is realised that the interests of the profession will be safeguarded, my own opinion is that the goodwill will be more valuable, for this reason, that you are offered security for the first time for payment, in the lower ranks of life, for those whom really, at the present moment, you cannot refuse to attend although you know the payment is very precarious."

I have given the details of this interview at such length, because I imagine everyone must recognise that

the scheme depends to such an enormous extent on the goodwill and hearty co-operation of the medical profession, and I have given the replies and explanations of the Chancellor of the Exchequer as fully as I possibly could, because I am very anxious that the case should be presented quite fairly as well from the Government's as from the doctors' point of view.

The effect of the meeting with Mr. Lloyd George on the minds of the doctors can best be gauged by the opinions expressed at the mass meeting of members of the medical profession which was held the same evening. Dr. J. A. Macdonald proposed the following resolution, which had been carried at the representative meeting of the British Medical Association:—"That, whilst approving the main objects of the National Insurance Bill, and being desirous of co-operating for their attainment, in view of the fact that the present proposals of the Government are unsatisfactory, it is the opinion of this meeting that the Government should be asked to delay dealing with the proposed medical benefits until satisfactory terms have been arranged with the medical profession."

He said that the following terms were to be placed before the Chancellor of the Exchequer as those on which the medical profession would accept service under the Bill:—

- "(1) An income limit of £2 a week for those entitled to medical benefit.
- "(2) Free choice of doctor by the patient, subject only to the consent of the doctor to attend him.
- "(3) Medical and maternity benefits to be administered by local health committees, and not in any respect by friendly societies.
- "(4) The method of remuneration of medical practitioners adopted by each local health committee to be according to the preference of the majority of the medical profession of the district of that committee.

- “(5) Medical remuneration to be what the profession considers adequate, having due regard to the duties to be performed and other conditions of service.
- “(6) Adequate medical representation among the insurance commissioners, in the central advisory committee, and in the local health committees; and statutory recognition of a local medical committee representative of the profession in the district of each health committee.”

This resolution was carried unanimously, and the six points above enumerated were also accepted, although there was a very large minority who, while they voted in favour of reducing the suggested income limit of £2 for the sake of unanimity, were yet strongly of opinion that it should be much further reduced, namely, to 30s.

Sir Thomas Barlow, the president of the Royal College of Physicians, who seconded the resolution, said they had the greatest sympathy with the general purposes of the Bill (cheers), for nobody was more alive than the doctor to the great difficulties of industrial conditions and to the consideration that in a healthy nation they got an efficient nation. The terms which Dr. Macdonald had read appeared to him to be eminently reasonable. The real difficulty, as Mr. Lloyd George now understood, was in their relation to the friendly societies. They knew too well how many of their humbler brethren had been put under the heel of the friendly societies, and they all intended to claim that their humblest practitioners, whenever work of the kind proposed was given them to do, should have a living wage. The other point of difficulty was the voluntary participation in the medical benefits, and in this matter he thought they would have to go very warily. Whether they were to fix a definite limit he did not know, but he believed that in this direction the Chancellor of the Exchequer could be influenced.

Mr. Butlin, the president of the Royal College of Surgeons, supported the resolution. He said he regarded the present crisis as the greatest he had ever known in the medical profession. He was deeply disappointed at the interview with Mr. Lloyd George. He spoke charmingly. ("Ah!" and laughter.) He answered some questions satisfactorily, he answered others not so satisfactorily, and on several occasions escaped. (Laughter.) His impression was that the Chancellor did not give way, nor give the representative meeting the least hope that he would give way, or that the House of Commons would give way one jot in regard to the rate of wages. In his opinion Mr. Lloyd George was still bent on placing the administration of medical relief, or a great part of it, in the hands of friendly societies. ("Shame.") Mr. Lloyd George had given them to understand that the Bill was going to pass by the end of August, and he had said that upon the advisory committee there would be some medical men in general practice. Mr. Lloyd George pointed out that they would then be able to make arrangements, but when the Bill was passed the arrangements would depend upon the terms of the Bill, and the same modifications could never be made then as could be made before the Bill was passed. In his opinion a very grave crisis lay in front of the medical profession. They were anxious to do what they could to assist the Government in carrying a measure of this kind, but they must see that it did not mean ruin to a large number of men in the profession. They had suggested at the College of Surgeons that no person with an income of over £100 a year should participate in the medical benefits. (Cheers.)

Sir Victor Horsley expressed the opinion that the position of the profession was not one from which they could not save themselves. They had allowed the friendly societies to take up a position towards the profession which self-respecting men ought not to have permitted.

(Cheers.) He urged all connected with the profession to join the British Medical Association, and he also recommended the signing of the declaration that they would not assist methods which they knew to be inimical to the best interests of the nation. (Cheers.) The questions he had put to Mr. Lloyd George had been answered fully, frankly, and directly, but equally frankly and fully he declared himself against the views of the medical profession on the wage limit. To the question—"Do you accept the position of the British Medical Association—namely, that the relations of the medical profession to the Government should be direct; in other words, that the friendly societies should be totally excluded from such relations?" Mr. Lloyd George replied in the affirmative. This was not in the Bill, but it was possible for a united profession to insist that the insertion should be made during the passage of the Bill. (Cheers.)

This is the position of the matter. I think the doctors are justified in thinking, as so many of them do, that Mr. Lloyd George was not quite frank with them, and that he rather evaded many of the issues. For instance, when on the question of taking the whole of the medical service out of the hands of the friendly societies altogether, after saying that they had a legitimate grievance, and that he was "entirely and wholeheartedly" with them in this, he then proceeded to invite them "to persuade the House of Commons to consent to the transfer of the whole of the medical attendance, including maternity, to the local health committees," and that then they would find him "an enthusiastic supporter of the proposal"! He is the responsible Minister in charge of the Bill, and if the above protestations mean anything, surely it is his duty, as it should be his pleasure, to alter the Bill and carry it through the House.

The fact remains that the doctors are not satisfied. The British Medical Association has sent out a circular to its members asking for an expression of their views on the

policy adopted by the Association towards the Bill. Some 20,000 have already replied endorsing the demands of the Association. Nor has the situation been improved by Mr. Lloyd George's speech at Birmingham. His allusion to "this wrangle in the sick-room" was hardly calculated to allay the irritation of men who for generations have been willingly attending thousands upon thousands of these sick-rooms without the slightest hope of any payment or reward!

I have gone at such length into the question of "Doctors," not only because I sympathise with them, but also because everyone must see how essential it is to obtain their hearty co-operation, for unless that end is obtained, the doctors have the power to make the Act a dead letter.

For amendments desired by the British Medical Association, see Appendix D.

Chemists.

I now come to the criticisms and objections of chemists. At present, although many doctors make up their own prescriptions, many, of course, do not, and the chemists are naturally anxious to know how their interests will be affected. The amount paid to doctors is not to include medicine, &c., but no provision is made for the way in which medicine will be bought and provided. Viscount Wolmer asked the Chancellor of the Exchequer how small chemists could benefit under the Bill if health committees were to buy drugs wholesale and give them out to doctors and patients, and his reply was that he had no reason to believe that health committees would buy drugs wholesale and dole them out to doctors and patients.

The Chancellor of the Exchequer's proposal is that 1s. 6d. per week for each sick person should be allowed for drugs, &c. This, however, is strongly objected to by chemists, who sent a deputation to the Chancellor, objecting to payment on a capitation basis, and suggesting that an official schedule of prices should be drawn up on the basis of which medicines should be supplied to insured patients through any chemist, and not by selected chemists.

The chemists are very uneasy at Mr. Lloyd George's proposals, but, finding that the portions of the Bill which deal with them are more nebulous than those affecting the doctors, they preferred at first to adopt a non-committal attitude. Latterly, however, they have taken up a firmer attitude.

Mr. J. F. Harrington, president of the Pharmaceutical

Society, has said that the chief points to which chemists would feel bound to object would be:—

The tendency that the remuneration of the chemists would be reduced.

The way in which the individual will be unable to select the chemist whom he might prefer to employ.

The power apparently given to friendly societies to administer medical benefits and their control of the terms according to which chemists would be employed.

“The lines on which chemists would be inclined to criticise the Bill are very similar to those which have aroused the attention of the medical profession.

“If the Bill were to go through in its present form, it would mean the loss to retail chemists of some 7,000,000 customers, for it would transfer a very large volume of business from ordinary retail trading to the kind of business which will come under the class of medical benefits.

“It is very difficult to make any detailed criticism of the measure for everything at present is so nebulous.

“The action we have taken is to ‘wait and see’ what the Bill really means to us before we make any public move.

“We have appointed a special committee to consider the whole matter.”

The president said he had no hesitation in saying that the Bill means ruin to retail pharmacists if it is to be administered on the lines recently laid down by one who is a member of the Manchester Oddfellows Committee.

“If we are to be put into the hands of the friendly societies, and they are to arrange terms, and so forth, the retail chemist will be unable to keep his shop open.

“As a responsible society, however, we have to consider the interests of the public as well as our own.

“And if the friendly societies get the upper hand, there

is, I think, a very real danger that the public interests will suffer.

“There is a great difficulty in getting the non-professional public to realise that a professional man has a right to sell his drugs (in this case) at more than the margin of profit which would be fair in ordinary trading.

“But if this is not recognised, it is clear that in the long run it will be impossible for the public to retain the advantages which it enjoys at present of having professional men to dispense drugs.”

In a way the position of chemists under the Bill is even more serious than that of the doctors, for whereas the doctors have it in their power, if they stand firm, to compel the Government to come to terms with them, the chemists are not in so good a position. It would be comparatively easy for the friendly societies or the National Health Committees to establish large drug depôts for the supply of medicines to insured persons, and in this way thousands of chemists would find a large proportion of their profitable business taken away from them without any redress. As it would doubtless be to the advantage of the societies' funds to start these depôts, the position of chemists is a very serious one, and it is absolutely necessary for them to bring all the influence they can to bear on the Government, so that they may not be injured by the Bill.

For amendments desired by the Pharmaceutical Society of Great Britain, see Appendix E.

Midwives.

There are some 30,000 women on the midwives' roll, and it is said that about 50 per cent. of the total number of births in England and Wales are attended by midwives, and, of course, the percentage attending the labouring classes is therefore much higher than this. How will midwives be affected by the Bill? It is impossible to say in the form in which it is at present drawn. The maternity benefit of 30s. is for "medical attendance" and nursing. I doubt if the words in the Bill would cover the fee charged by a midwife, and as I cannot think that the drawers of the Bill intended to take away from the woman her free choice as to whether she shall employ a doctor or a midwife, and as the Chancellor of the Exchequer, in answer to a question, said that the maternity benefit was "intended to cover the cost of doctor and midwife where necessary," words must be inserted making it clear that a midwife can be sent for, and paid out of the maternity benefit.

Clerks.

It is very difficult to see how the position of clerks will be benefited under the Bill. Every clerk who is not earning more than £160 a year will be compelled to join the scheme. But the clerk is in a different position to the ordinary workman. As a general rule, when a clerk is ill his salary goes on just the same, and his work is cheerfully divided among his fellow clerks. I am afraid there is grave danger that the application of the Bill to clerks may alter this pleasant state of things. In future, the clerk is to pay his 4*d.* a week, the employer 3*d.*, and the State 2*d.*, to insure against a risk which, in the great majority of cases, does not at present exist! But as the employer will be compelled in future to pay at least 3*d.* a week for every clerk that he employs, he will scarcely continue to pay his clerks their full salary during their absence through illness. The clerk will receive 10*s.* a week, and free medical attendance, &c., and I am afraid the effect of the Bill in time may be that employers may treat their clerks in the same way as manual labourers, no work, no pay: so the Bill to clerks may mean this, that they may be 4*d.* a week poorer in good health, and possibly a sovereign or more poorer in sickness, while all the time the State will be paying 2*d.* a week for every clerk to insure against a risk which is practically non-existent, for which interference I should doubt whether the clerk would be grateful!

The Chancellor of the Exchequer has caused the following letter to be addressed to a correspondent who wrote to him as to the position of clerks under the provisions of the National Insurance Bill:—

"Treasury Chambers, Whitehall, May 23, 1911.

"Dear sir,—In reply to your letter of the 18th instant, I am desired by the Chancellor of the Exchequer to say that he does not see how it is possible for the position of clerks to be in any way prejudiced by the proposals of the Insurance Bill.

"The benefits provided by the Bill are secured by contributions as follows:—(1) The employer pays 3*d.* a week for every clerk receiving a salary not exceeding £160 a year; (2) the clerk himself pays 4*d.*; (3) a State grant is made of two-ninths of the total benefits.

"Although it is possible that an employer may claim in future to make a deduction to the extent of the value of his 3*d.* from the wages he has been used to pay to his clerks during sickness, he would not be justified in making any deduction in respect of the benefits under the Insurance Bill so far as those benefits are secured by the contributions of the clerks themselves and by the State grant. The position of the clerks must, therefore, be improved by at least the amount represented by the Government grant.

"The Chancellor desires me also to point out that the clerks will benefit in another way—namely, by being able to share, as members of the societies to which they belong, in the management of the sums contributed under the Bill and administered through those societies, whereas at present the conditions of payment, or the question whether there should be any payment of benefits at all, may rest entirely with the employer.

"Mr. Lloyd George also wishes me to draw your attention to the fact that clerks in many cases do not now receive as much from their employers in sickness as is represented by the threepences which the employer is required under the Bill to pay. In such cases the clerks' position will be improved both by the State grant and by the additional contributions from their employers under the Bill."

The following letter addressed to *The Times* seems to accurately present the position of clerks under the Bill:—

“Sir,—I venture to write to you to draw attention to the adverse effects the National Insurance Bill will have on the position of clerks earning salaries up to £160 per annum. Those engaged in clerical labour differ so much from those employed in the various forms of unskilled labour, not only in the conditions in which they work, but in habits, instincts, and aspirations, that it is impossible that the same system should be suitable to both classes. The main difference lies in the fact that when the unskilled labourer falls ill he usually loses his job, and the pay goes with it; when, however, the clerk falls ill, nine times out of ten he not only keeps his position but receives full pay the whole time.

“The majority of clerks earning and living on anything up to, say, 35s. a week, do not insure. Under present conditions when they fall ill they continue in their position and, as has been stated, draw full pay, their work being cheerfully done all the while by their fellow-clerks.

“Under the new *régime*, however, conditions will be very much changed. The compulsion on the employer, not only to pay 3*d.* per week towards insurance, but to put himself to all the trouble and vexation of filling in cards, is bound to have the deplorable result of loosening that feeling of loyalty between employer and *employé* which legislation should be careful never to discourage. Apart from this consideration, which is probably the most important in its effect on the body politic, the clerk will gain no actual monetary benefits by his State insurance. In time of illness the employer will almost certainly deduct from his clerk’s salary the 10*s.* per week provided by the State, and were it otherwise a premium would be put on sickness. Thus, in spite of the premiums paid, the clerk will draw no benefit except free medical attendance, and that he can now obtain for 2*d.* per week, not only for himself, but for his whole family, by joining any

parish doctor's club. The position is rather different in the case of the more highly paid clerks earning, say, from 35s. to £3 per week. At present if they wish to insure against sickness, 8*d.* per week, as is well known, will give them in many slate clubs 12s. per week during illness for eight weeks, after that 6s. per week for eight weeks, £8 premium to the wife on death of insured, and £4 to insured on death of wife, and a share-out at the end of the year amounting on an average to 25s.

"Deducting the bonus at the end of the year and spreading it over each week, we find that the insured can obtain for 2*d.* per week all the above benefits. In the registered slate clubs the subscribers run no risks of a defaulting secretary, and are as secure as they would be through the State.

"It must not be forgotten that the clerk insuring in a slate club during the whole of his illness draws full salary as well as club benefits. Under the new scheme, for a payment of 4*d.* per week, the only certain benefit is free doctoring to the actual individual (his wife and children are excluded), and 10s. per week, which, as has already been pointed out, he will not touch.

"It is true that under Mr. Lloyd George's scheme the insured will draw his sick benefit for a longer time, but the number of cases in which the full sick benefit is necessary for more than eight weeks is so small compared with the number of small benefits required that it does not seriously affect the position of the average clerk.

"The importance of a choice of doctor from a medical point of view has already been treated by Dr. Roberts in *The Times* of the 18th inst., but there is yet another aspect to this question. Pride of independence keeps the best type of worker from applying to the Guardians for sick relief; the same independence of spirit, which is one of our greatest national assets, makes it hateful to the clerk to have his doctor chosen for him, and many clerks,

who, generally speaking, will be citizens of the best type, will refuse to have anything to do with the State doctor.

“The fate of the older clerks, and, in fact, *employés* of all kinds, now reaching ages of sixty say, who should be drawing sick benefits will be particularly hard. In most cases their benefit societies will be dissolved, no friendly societies will take them, and they will have to work through the Post Office, where they can draw no money for a year, and all the benefits paid to their old clubs will avail them nothing.

“While fully recognising how easy it always is to give destructive criticism; I venture to suggest that the above points are of sufficient interest to merit careful consideration.”

The Chancellor of the Exchequer on the second reading said that “if clerks wanted to be left out they had but to express a wish in that direction”; and as the decision apparently rests with them it is for them to now consider very carefully whether it will be to their real interest to be included in the scheme.

Women.

The position of women under the Bill is curious. Every woman, whether married or single, who goes out to work and who is not earning more than £160 a year must contribute. If a woman marries and ceases to be employed her subscription ceases and she is no longer insured, and in fact loses the benefit of the subscriptions she has paid, except for this, that if she at some subsequent period again goes out to work she is allowed to rejoin as if she were at the same age as when she married. If she becomes a widow and goes into employment, she will also be entitled at once to rejoin as if she were at the same age as at the time of her marriage.

The proposition is that there should be two separate funds—one for men and one for women. Everything contributed on the women's side goes into the women's fund and they are to receive full benefits therefor.

The scheme does not appear to be fair to women workers, and many women are complaining of the treatment meted out to them. Take an instance of a girl who works in a mill, say, from the age of 15 to 30, and then leaves her work to marry. She will then lose all the payments she has made. It is true that she has been insured during this time, but it is between these ages that there is so little sickness, and in fact she has been paying more during this period than the average amount of sickness warrants, so that she is doubly hit, unless, indeed, she becomes a widow.

There is also the question as to whether the amount of

3*d.* per week is not rather high for women, seeing that their average earnings are so much lower than men's.

There is also the national and social well-being to be considered. The economic tendency will be bad, because the scheme will doubtless have the effect of inducing women on marriage to continue in their employment, at the cost of comfort in the home, the effect on the population, and danger to offspring.

Sanatoria for Consumption.

Sanatoria are to be built all over the country for the treatment of consumption. It is proposed to pay a sum of £1,500,000 into a fund, which will provide grants for building these sanatoria.

Provision is made by which 1s. 4d. a head annually will be available for this preventive side of the scheme, and there is also power to use an additional grant of 1d. per head for research purposes. It is hoped by these means to stamp consumption out, as contributors will be able to avail themselves of the benefits of these sanatoria in the early stages of the disease.

There is some difference of opinion among medical experts as to whether the sanatorium treatment is the best means to adopt for the treatment of consumption, and therefore many people have doubted the wisdom of providing such a large sum to be spent on buildings, but Mr. Astor, on the second reading, pointed out that the criticisms which have been made about spending so much money on bricks and mortar in the erection of sanatoria pre-supposed extravagance in the buildings, and also that they could not be used for other purposes. He maintained that it would be possible to use the buildings for other purposes should we ever be so fortunate as to stamp consumption out.

Hospitals.

The effect on hospitals is a matter for serious consideration, and any opinions on what its effect on our system of voluntarily supported hospitals will be must, of course, be speculative and problematical. Doctors will naturally be inclined to send operations and bad cases to the hospital, and the whole question will have to be very carefully considered. Now that large employers of labour will have to contribute so largely for sick benefits it is only natural to suppose that their contributions to hospitals, which have been so generous in the past, will be curtailed; and although to counterbalance this, power is given in clause 17 for approved societies to contribute to hospitals, no such power is given to health committees. I venture to think this should be given, because very possibly the greatest need for hospitals will be felt by those who are not members of the societies, namely, the deposit contributors.

On the effect of the scheme on hospitals, Mr. Lloyd George said: "The great curative institutions are voluntary institutions in every sense of the term, and we do not propose to exercise any control over them. We propose to leave them exactly as they are in that respect. All we propose is that the health committees and the approved societies shall have the power to subscribe to those institutions; but what use will be made of those subscriptions is entirely a matter for those governing bodies of the institutions themselves. If we begin to lay down conditions of that kind, that would practically mean taking over the control ourselves. We do not propose that; whether it will ever come to that is another matter. And may I add, because it is not only very interesting, but it is very

relevant, that since the insurance came into operation in Germany, private benefactions to the hospitals have doubled.

"The sanatoriums," Mr. Lloyd George explained, "are for the treatment of tuberculosis or such other diseases as the Local Government Board with the approval of the Treasury may appoint. It has been represented to us that we ought not to confine treatment in these sanatoriums to tuberculosis, and it ought to be possible to treat other diseases of the same kind there, and if the members of the medical profession think that these institutions can be made useful for other purposes we have left it open for them to be utilised for the cure of other diseases as well."

Mr. Austen Chamberlain goes so far as to think that the Bill as it stands will make almost inevitable the eventual assumption by the State of the cost of the hospitals of the country. I venture to think that such an event would be so deplorable that every effort should be made to so alter the Bill that this will not be rendered necessary.

Post Office Contributors.

They get so far as sickness benefits are concerned what they themselves pay plus what their employer and the State pays—but no more. When they have exhausted the amount standing to their credit, there is no more for them to draw; and the obvious criticism is that this is thrift—not insurance—and seems contrary to the whole scheme of the Bill as expounded and explained by the Government themselves; and if these men owe their position mainly to their own bad health, this surely is the very class which the Bill professes to help.

I would suggest that it might be possible to take from each society a contribution and apply it for the aid of deposit contributors, and if a certain ratio were taken from each society it would enable the scheme to become an “insurance” one for those poor people whose health is under par, as well as for their more fortunate brethren who on account of their good health will be accepted by the societies.

Collectors and Insurance Agents.

This is a most deserving and hardworking body of men who have perhaps done more to encourage thrift throughout the country than any other class. What is their position under the Bill? It is very difficult to say until further particulars are given, but I very much fear they will be sadly hit! They have been promised by the Government that they shall be treated with consideration; and the Attorney-General has said that there is nothing to prevent their coming into the scheme, and that it would be to their interest to do so; that to secure their services would be an advantage to the societies, to trade unions, and everybody concerned, and the Government would have the benefit of their knowledge and experience. This is all very well, but there is at present no provision for this in the Bill.

Another thing collectors and agents have to fear is this: many of them collect for sickness and death risks; sickness, of course, goes with the Bill, but the Attorney-General says there is no need for the fears that have arisen in their minds that there would be any interference with their death insurance system; that there need be no apprehension of the kind, that there is nothing in the Bill to do with death payments. This is, of course, quite true, but I fear it is small comfort. The masses from whom these collectors and agents get their living have only a certain small amount to spend on insurance, and now they have to contribute for the purposes of the Bill, they will have little or nothing to spare for insurance against death risks. I cannot help thinking, therefore, that collectors and agents of the great industrial life insurance societies will be very hard hit by the Bill, and every effort should be made to recompense them by giving them adequate positions in the administration of the scheme.

Ireland.

Ireland (as usual) is to be differently treated to the rest of the United Kingdom, and special clauses are inserted in the Bill to apply to Ireland. It is claimed by Irish members that, owing to the majority of the population of Ireland living under rural conditions, the rate of sickness is much lower there than in Great Britain, there will as a consequence be a smaller demand on the insurance fund, and that, therefore, the contributions should be lower. I am informed that the Chancellor of the Exchequer has promised to consider this question, and the Irish members are confident they will get some modifications in this respect—for, as an Irish member said to me, “We are generally successful, because we know what we want!”

**Distress, Execution, &c. for Rent to be Illegal while
Tenant is in Receipt of Sick Pay.**

Clause 51 is a very drastic and novel proposal, and, I venture to think, should never have been included in a National Insurance Bill. It is not well drawn, but on the face of it it really looks as if it will bear the construction that the person to whom rent is due must not take *any proceedings* to recover the rent while the tenant is in receipt of sickness benefit, even though such period extends for the space of a whole year, under a penalty of £50.

This clause, apart altogether from the equity of the thing, would prove a terrible hardship to many small holders of weekly property—they have often bought some little property out of their savings and have retired on their little rents—and why such people should be so deprived of the fruit of their thrift and economy I entirely fail to see. Nor can I see why the tenants should have this relief at the expense of their landlords. It is a Health Insurance scheme, and not a Rent Relief Bill. If the Government really wish to give such relief and think it should be one of the provisions of the Bill, then the relief should come out of the funds of the scheme and not out of the pockets of often poor and deserving holders of weekly property. To deprive such owners of rent while at the same time they are left to pay rates and taxes, strikes me as being iniquitous! The effect of such a clause would have a very harmful effect on weekly property. Values would fall and mortgages be called in, and the condition of building societies would be rendered very precarious. It is not right to do one's charity at the expense of someone else—but that is what this clause does.

Two suggestions have been made to remedy this—one being that any loss the landlord may sustain should be refunded by the Treasury, and the other that the loss should be debited to the society of which the tenant is a member.

There is also another aspect of this clause. Many people think that the clause as drawn might be held to hit others besides landlords, and that any other creditor, the little shopkeeper for instance, would be prevented from taking any proceedings to recover a debt owing to him by the tenant. The wording should be altered so as to make it quite clear what is intended.

I venture to hope the clause will be radically altered or dropped; it is overburdening the Bill and, on account of its controversial nature, will naturally impede its progress.

Attitude of the Socialists and Labour Party.

The Socialists and Labour Party seem to view the Bill with suspicion, even though all do not go so far as a member of the Fabian Society who said he viewed "with suspicion a measure which received hearty support from the Tory Party!" One point in the Bill which is regarded as an important defect is that there is no difference in the incidence of contribution between the town and country resident.

Mr. Barnes, while promising the support of the Labour members for the second reading, nevertheless made it clear that unless important alterations were made in the Bill it would not secure their full approval. In fact, the position taken up by the Labour Party will depend on what happens in Committee. They have already put down amendments to postpone the sickness part of the Bill, so as to give precedence to the unemployment section, to substitute voluntary for compulsory insurance, and to make the contribution of the three parties—employer, workman, and State—a uniform sum of 3*d.* per week.

Mr. Snowden goes further than many of his fellow members on the Labour side. He says: "I think the discussion, so far as it has gone, has proved conclusively that the Bill is impossible in anything like its present form. It is not only unworkable, but it would give rise to an immense amount of irritation and opposition. Vast numbers of those who would be compulsorily insured under this Bill, as it is now, stand to gain nothing practically from it, although they are to be compelled to pay."

Mr. Ramsay Macdonald calls the Bill superficial and challenges one of the three principles involved in it—that

of the employer's liability to contribute. He would prefer to leave the employer out and rest on the two other principles—compulsory thrift and State support; but he is willing, however, to accept the employer's contribution temporarily as a sort of necessary evil, and like some other members of his party, he would alter the relative shares of the other two and make the State pay more and the contributor less!

Members of trade unions feel that the probable effect of the Bill will be to increase the numbers and power of the friendly societies, and correspondingly to depreciate the trade unions, unless, of course, trade unions qualify as approved societies. They think that the financial provisions of the Bill may prejudice the fighting effectiveness of trade unions, and they want to secure that trade unions paying friendly benefits shall receive equal rights with friendly societies where the payment of these benefits is concerned.

They object to the encouragement given to employers' sick and superannuation clubs, and would like to have them completely taken out of the scheme, the reason they give being that the difficulty of securing democratic control is almost insuperable! I very much doubt if the beneficiaries will see eye to eye with the Socialists and Labour leaders on this point, however.

The Executive Council of the Social Democratic Party has passed the following resolution:—

“While supporting the principle of national insurance, this executive cannot but regard this measure as an attempt to make the working class itself bear the burden of ameliorating some of the worst results of the capitalist system, instead of saddling the cost upon the master class. With regard to the details of the measure the Executive Council reserves fuller criticism for the moment, but is opposed to any direct payments being made by workmen from their already scanty earnings; and even if workmen were prepared to accept the principle of direct payment,

the scale laid down in the Bill is manifestly unjust, and must be seriously amended before the Bill can be in any way acceptable to the people."

They do not want to see shop clubs multiplied, because such a course would weaken trade union organisation.

Mr. Barnes has said they could not agree to clause 18 because it would prevent their funds being used in the future as they had been in the past. He also says that the scale of benefits under the Bill is lower than the scale paid at present by trade unions; but I doubt if this is correct.

I suspect that what they really fear is when workmen have to subscribe for the benefits under the Bill, that then they will have less to spend on contributions to the trade unions.

As the Attorney-General has pointed out, it is not possible to hand over State money or employers' money to a trade union without securing that this money should not be used as a war chest against the employers. Money under the State scheme must be kept separate from the friendly society's funds or the trade union funds, and there must, of course, be a Government audit of the application of the State monies.

It is said that the insurance scheme in Germany has not hurt the trade unions there.

The Executive Council of the Social Democratic Party has issued a statement criticising the scheme, in which they state that the provision for sickness is totally inadequate and that the contributions are excessive.

The Unionist Party.

The Unionist party are strongly in favour of the principle of State help to insurance contained in the Bill, and are very anxious to see a good measure passed, and, indeed, it will be largely owing to their expressed intention to do all they can to improve the Bill, and not to oppose it, that the Bill is likely to become law. It is, however, on questions of details that their criticisms are directed, and anyone who has had anything to do with insurance knows how important the details are. These details are fraught not only with the success or failure of the scheme, but their effects on the friendly societies are far-reaching.

Mr. Worthington Evans (who has been appointed chairman of the large committee of Unionist Members who are collecting information as to the hardships which the Bill may entail on different classes of people) pointed out in his speech on the second reading, some of the defects which the Unionist party feels the Bill contains. He pointed out that although the Bill would put a large additional charge on employers, which in big concerns would no doubt fall on contracts, yet in smaller businesses he felt confident that the Bill would make a real difference in employment. In slack times there would arise in the mind of the small employer whether it would not be better to close down instead of struggling on and hoping for better times. To remedy this, he suggested to the Government whether it would be possible to arrange a method under which the contributions of employers should be paid out of profits.

Another question Mr. Worthington Evans raised was,

can the large numbers driven into the scheme be kept there? The actuarial report gave 882,000 as the number in the deposit contributors class who, from the beginning, were unable to join in any approved society owing to ill-health, and the Chancellor of the Exchequer had said that about 5 per cent. of the members of friendly societies fell out annually owing to inability to continue their contributions. These 882,000 persons unable to join societies would probably be swollen to about one and a half millions. The extent of the increase would probably depend almost entirely on the attitude of the friendly societies. If the societies were adverse to a large number of men being suddenly driven into their ranks, a great many more would be obliged to seek refuge among the deposit contributors. Mr. Worthington Evans pointed out that no one on the Government side of the House has yet had the pluck or hardihood to defend the provisions of the Bill relating to deposit contributors. He prophesied that they would be known as the D.C.'s, or downcasts! Two and a half weeks' sickness benefit at 10s. a week was all they would obtain after fifty-two weeks' contributions! Is Parliament justified in driving some million and a half workmen—probably more—into the scheme, and then only giving them such a miserable benefit? Were not some of them better provided for by private methods of insurance which the Bill would kill? He offered to show the Government a long list of dividing societies which already insured some one and a half millions of people, who were getting for an average cost of 2*d.* or 3*d.* a week benefits four or five times as large as the Government proposed to give to deposit contributors. It was said that dividing societies were unsound, that the younger paid for the older—but that was exactly what happened under this Bill; a sum of £807,000 a year was being taken from persons under sixteen years of age and put into the insurance fund to equalise the benefits given to the older members, and probably up to thirty years of age people would pay more

than the market value of the benefits to which they were entitled.

Another defect of the scheme was the method in which, in connection with liability for medical benefit, the only risk was transferred to the medical man.

The poor soldiers and sailors, as usual, were to come off second best! All the House knew was that the Government were going to deduct 2*d.* a week from their pay. No benefits were laid down for them in the Bill. The Admiralty and War Office might or might not make regulations for some benefits. He would not be satisfied unless soldiers and sailors were treated in the same way as the best men in the approved societies. He regarded the foregoing points as only some among the many which showed how crude and incomplete the Bill was.

I regard as one of the gravest defects in the Bill the fact that so much is left to be settled by the various bodies set up under it. Based as it is on the German system, it is far too bureaucratic in its methods to please English tastes. The insurance commissioners and local health committees in my opinion are given far too much power and latitude. There are some twenty-nine regulations and thirty-four restrictions of importance to be settled and prescribed, but these main regulations and restrictions should be put before and settled by Parliament and not left for bureaucratic and outside decision. But the most serious sin of this kind is clause 57, with its extraordinary provision that "the insurance commissioners . . . may by order make any appointment and do anything which appears to them necessary or expedient . . . and any such order may modify the provisions of the Act so far as may appear necessary or expedient for carrying the order into effect"! This is legislation by bureaucracy run mad! Why be bothered about having a Parliament at all! Let us appoint a few commissioners and give them a free hand like this, and good-bye to the liberties for which we have been fighting during the

centuries. Even the Chancellor of the Exchequer had to admit, when pressed by Mr. Worthington Evans, that the clause was rather strong! The fact is that this clause will have to be drastically altered; the marvel is that it should ever have been allowed to appear in the Bill as drafted!

PART II.

Unemployment Insurance.

THE Unemployment portion of the Bill may be regarded as the Cinderella of the scheme, for it has been completely overshadowed by its more showy sister; and while the Sickness provisions have afforded one of the chief topics of conversation since the Bill was introduced, very few people have taken very much interest in the second part of the Bill. Yet these provisions relating to unemployment are of enormous and far-reaching importance, and if they had been embodied in a separate Bill (as I venture to think they should have been) and introduced either before or after a Sickness Insurance Bill, they would have commanded immense attention and interest.

I believe this is the first time in the history of any nation that a scheme of compulsory national insurance against unemployment has been introduced. It is proposed to start by compelling all workmen engaged in the building and engineering trades to come into the scheme. These two trades have been chosen because it is in them that the greatest fluctuations in employment are experienced. Certainly these industries are most sensitive to trade depression, and it is claimed that they are, therefore, the most suitable for experiment. I agree that these two trades are possibly the two most in need of a scheme for provision against unemployment, but for that very reason they may be the worst for experimental purposes.

Excluding agricultural labourers, women and clerical workers, the workmen in the two selected trades, consisting as they do of about two and a half millions, comprise about one-third of our industrial population.

The fund to be formed for the relief of unemployment is to be raised by contributions from workmen, employers, and the State. Employers and workmen are each to contribute $2\frac{1}{2}d.$ a week for each period of employment of a week or less, and the State is to contribute one-third of the total amount received from employers and workmen. The State is also responsible in the first instance for the cost of administration, but 10 per cent. of the income of the unemployment fund will be apportioned towards administrative expenditure.

Employers may, under clause 70, instead of paying the weekly sum of $2\frac{1}{2}d.$ in respect of each workman, compound by paying in advance the sum of 15s. for a year in respect of a particular workman, the 15s. to include the employer's as well as the workman's subscription. This would work out that the employer's contribution would only amount to 4s. 2d. instead of 10s. 10d. for the year, but of course the employer is running the risk of the workman leaving during the year.

The ordinary contribution is to be made by the employer affixing a 5d. stamp to the book belonging to the workman, and the employer will then deduct the $2\frac{1}{2}d.$ from the workman's wages. When a workman is unemployed no subscriptions are payable.

The benefits are to be 7s. a week for workmen engaged in the engineering, construction of vehicles, and shipbuilding trades when they are out of work, and 6s. a week for workmen engaged in the housebuilding trades. The benefits are to commence after the first week of unemployment, and are payable for a period not exceeding fifteen weeks in any twelve months. In order that a man may get this, however, he must conform to the provision that he can only draw one week's benefit for every five weekly contributions paid by him. This is a very important rule which, while it will not handicap the hard-working and regular labourer, will penalise the lazy and worthless.

Provision is given to the Board of Trade to vary the above benefits within limits, viz., 6s. and 8s. per week, and should necessity arise to reduce the period below the fifteen weeks. If necessary, also, powers are given to hold a public inquiry.

In order to be in a position to receive the benefits a workman must show that he has been engaged in one of the insured trades for twenty-six weeks, he must make application for benefit in the prescribed manner, and he must have been continuously out of work since the date of application. He must be capable of working and unable to get suitable employment, and, of course, he must not have exhausted his right to benefit before mentioned. In addition to the above requirements a workman will be disqualified from benefit in either of the following cases:—

- (1) If he has lost his work through a strike or lock-out, for the period the strike or lock-out lasts.
- (2) If he has lost his work through misconduct or has thrown up his job without a good cause, for six weeks after losing such work.
- (3) While he is residing outside the United Kingdom.
- (4) If he has been imprisoned, for six weeks after leaving prison.
- (5) While he is an inmate of any public institution.

The scheme is to be administered principally through the Labour Exchanges. When a workman loses his employment he is to take his duly stamped book to the nearest exchange, and lodge his book with the exchange and claim benefit. The decision as to the amount of benefit (if any) that he is entitled to draw, will rest with an "insurance officer," and the workman will be entitled to draw such weekly benefit (for the period to which he may be entitled to it) so long as he remains out of work

and attends to sign a register daily during working hours.

If a workman is dissatisfied with the decision of the insurance officer, he may appeal (with no expense to himself) to a "Court of Referees" consisting of equal representatives of employers and workmen, with an impartial chairman. In case the Court of Referees differ from the insurance officer there will be an appeal to an umpire to be appointed by the Board of Trade.

The foregoing is a short epitome of the general provisions of the scheme. The two main underlying principles on which it is based are:—

- (1) That provision for unemployment, whether through insurance or in other forms, must not be such as to create unemployment, and should, if possible, tend to diminish it.
- (2) That compulsory provision for unemployment should be accompanied by arrangements for procuring and encouraging voluntary provision.

In reference to the first principle, the provision for unemployment through insurance is closely linked up with the machinery established some time ago for diminishing unemployment—namely, the Labour Exchanges. When a workman claims benefit on account of unemployment, the Labour Exchange will automatically register him as an applicant for employment, and if the exchange can find him suitable work, he must take that work instead of drawing benefit. He will no longer be held to be "unable to obtain suitable employment." It is hoped by this means to greatly increase the efficiency of the Labour Exchanges, because it will bring to them all the unemployed workmen in the insured trades, and will encourage employers to go to the exchanges for men, because they will know the men will necessarily be there.

The burden of providing benefit is thrown upon the

employers, workmen and the State, in such a way as to give each of those parties an interest in diminishing unemployment.

The benefits receivable under the scheme are not guaranteed by the State. But in the event of severe depression of trade, the Treasury is to make an advance to tide over the period while the fund is exhausted. Should the Treasury have to come to the assistance of the fund, the Treasury may require a temporary modification in rates of contribution, benefit, &c.

If it is found that, over a period of years, the rates of contribution are either too high or too low, provision is made for a periodical revision of rates, and, if necessary, also that there should be a differentiation between different trades and branches of trades, according to the unemployment recorded in them. It is, in this way, made to the interest of employers and workmen to reduce unemployment, with a view to obtaining a reduction or avoiding an increase of contributions when a revision takes place.

There are a number of specific provisions inserted in the Bill with the idea of encouraging regularity of employment or diminishing burdens on the fund: —

- (1) By the Eighth Schedule the minimum contribution of $2\frac{1}{2}d.$ each is required both from employers and workmen *for every separate period of employment of a week or less*. Thus casual workmen and their employers have to pay more frequent contributions than the regular workman and his employer.
- (2) Clause 70, as before mentioned, provides that an employer, instead of paying the $5d.$ every week as it becomes due on account of each particular workman, may pay $15s.$ in advance to cover any particular workman for a year. The employer is still entitled to deduct the $2\frac{1}{2}d.$ per week from

this workman's wages, and so the employer's contribution will only come to 4s. 2d. instead of 10s. 10d. for the year.

- (3) By clause 71, when a workman reaches the age of sixty (or fifty-five, if he has given up his trade) he may get back from the unemployment fund such amount of his own contributions as are greater than the benefits he has drawn from the fund, with compound interest at $2\frac{1}{2}$ per cent.
- (4) Clause 72 provides that when, in a period of trade depression, the workman is put on short time, then the contributions of employers and workmen may be remitted altogether. This is to encourage employers to keep all their men working short time rather than to dismiss some and perhaps keep the others working full hours.
- (5) By clause 73 (1), where a workman is engaged through a Labour Exchange, the exchange may make an arrangement with the employer to undertake on his behalf the whole duty of keeping and stamping the insurance books, and they may treat all the successive periods of employment of the same or different workmen engaged through the exchange as a single continuous period of employment of one workman. This will encourage employers to use the Labour Exchanges, because an employer by so doing may pay according to the amount of labour he has in fact used, even though the employment has been discontinuous and though he has not always had the same man. Also a workman engaged through an exchange by one or more employers with whom an arrangement has been made will be allowed to pay a single contribution per week, however many separate engagements he has had.
- (6) Clause 74 (1) enacts that any workman who is continually unemployed through lack of skill or

knowledge may be required to attend a course of technical instruction, and if he refuses to attend or does not profit by the instruction, this may be taken into account in considering what is suitable employment for him.

It is hoped that the combined effect of these provisions will give a substantial advantage both to the employer and workman in respect of regular work as compared with casual employment. The discrimination seems to be justified on actuarial and equitable grounds, by the saving to the unemployment fund which results from the diminution of claims for unemployment benefits.

While the compulsory part of the scheme is limited at present to the engineering and building trades, power is given by clauses 77 and 78 to the Board of Trade to extend it to other trades.

It is estimated that the Bill will at once compel some 2,421,000 workpeople of eighteen years and upwards to come within this compulsory insurance against unemployment. The membership of trade unions in the insured trades at the end of 1909 was 462,288, of whom about 350,000 belonged to unions providing unemployment benefits. Thus roughly two millions more will be insured under the Bill than were previously insured.

Provision is made for the continuation and encouragement of existing forms of voluntary insurance against unemployment. Clause 79 provides that an association of workmen in the insured trades which gives unemployment benefits can make arrangements with the Board of Trade whereby its members may draw the benefits under the Bill through the association, instead of through the Labour Exchanges, and the association will then claim from the Labour Exchange the amounts so drawn by its members; in other words, the association thus becomes the channel for the distribution of the benefits given under the Bill to its own members. The association will, of course, be quite free to distribute among its members any further

benefits in addition to those payable under the Act, and to give such further benefits for such periods as its own rules provide. Members of such association will only be subject to the rules of their own association, and will be able to draw their benefits in one lump instead of having to attend at the Labour Exchange for one portion and at the offices of their association for the balance. For instance, supposing a workman engaged in one of the engineering trades by the rules of his association is entitled to 5s. a week unemployed benefit, he will be entitled to draw 12s. a week from his association, leaving them to get the 7s. from the Labour Exchange.

To encourage economical distribution in the associations, and to encourage the provision of benefits beyond the amount payable under the Bill, it is also provided by clause 79 that the repayments to an association under this clause shall not exceed two-thirds of what it has itself expended.

So far all these provisions of the Bill have only had reference to giving unemployment benefits in the "insured trades," namely, the engineering and building industries, but by clause 80 there is provided a means of encouraging and assisting workmen in every trade to insure against unemployment. By this clause the Board of Trade may repay (out of moneys to be provided by Parliament) to any "association of persons not trading for profit" which gives unemployment benefits a subsidy of one-sixth of the amount (up to a maximum rate of 12s. per week) they have expended on such benefits.

JOHN H. WATTS.

5, PUMP COURT, TEMPLE.

June, 1911.

NATIONAL INSURANCE BILL.

ARRANGEMENT OF CLAUSES.

PART I.

NATIONAL HEALTH INSURANCE.

Insured Persons.

Clause.

1. Insured persons.
2. Exemptions.

Contributions.

3. Contributions by insured persons, employers, and the Treasury.
4. Rates and rules for contributions by employed contributors and their employers.
5. Rates and rules for contributions by voluntary contributors.
6. Change from voluntary rate to employed rate and *vice versâ*.
7. Power to make regulations for the payment of contributions.

Benefits.

8. Rates and conditions of benefits.
9. Reduced rates of benefit in certain cases.
10. Reduced rates of benefits where contributions are in arrear.
11. Provisions in the case of contributors entitled to compensation or damages.
12. Provisions in the case of contributors who are inmates of hospitals, &c.

Administration of Benefits.

13. Benefits to be administered by approved societies or the local Health Committee.
14. Administration of medical benefit.
15. Administration of sanatorium benefit.
16. Administration of maternity benefit.
17. Power to approved societies to subscribe to hospitals, &c.

Approved Societies.

Clause.

18. Conditions for the approval of approved societies.
19. Special provisions for employers' superannuation funds, &c.
20. Security to be given by approved societies.
21. Approved societies to provide for local administration, &c.
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Membership of Approved Societies and Transfer of Members.

24. Admission of insured persons to membership in approved societies.
25. Transfer from one approved society to another.
26. Transfers to and from foreign and colonial societies.
27. Prohibition against double insurance.

Accounts : Valuations : Surplus and Deficit.

28. Approved societies to keep proper accounts.
29. Valuations of approved societies.
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31. Deficit.

Deposit Insurance.

32. Provisions as to deposit contributors.
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34. Special provisions with respect to married women.
35. Special provisions as to aliens.
36. Special provisions with regard to persons in the naval and military service of the Crown.
37. Application to other persons in the service of the Crown.
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39. National Health Insurance Fund.
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Clause.

- 43. Appointment of local Health Committees.
- 44. Powers and duties of local Health Committees.
- 45. Income.

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- 46. Power to approved societies and local Health Committees to demand inquiries into causes of excessive sickness, &c.

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- 47. Erection of sanatoria, &c.
- 48. Power to Insurance Office to make regulations, &c.
- 49. Determination of questions by Insurance Office.
- 50. Disputes.
- 51. Distress, execution, &c. to be illegal in certain cases.
- 52. Offences.
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- 54. Repayment of benefits improperly paid.
- 55. Provisions as to application of the existing funds of friendly societies.
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- 70. Power of employers to compound at reduced rates.
- 71. Return of part of contributions by workmen in certain cases.
- 72. Refund of contributions paid in respect of workmen working short time.

Clause.

73. Provisions with respect to workmen engaged through labour exchanges.
74. Subsidiary provisions.
75. Offences.
76. Periodical revision of rates of contribution.
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78. Procedure for making special orders.
79. Arrangements with associations of workmen in insured trade making payments to members whilst unemployed.
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81. Interpretation and application.

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RELATING TO HEALTH INSURANCE.

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TO HEALTH INSURANCE.

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BY EMPLOYERS ON BEHALF OF EMPLOYED CONTRIBUTORS
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ACT RELATING TO UNEMPLOYMENT INSURANCE.

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- A. EXPLANATORY MEMORANDUM *re* NATIONAL HEALTH.
 - B. EXPLANATORY MEMORANDUM *re* UNEMPLOYMENT.
 - C. AMENDMENTS DESIRED BY THE FRIENDLY SOCIETIES.
 - D. AMENDMENTS DESIRED BY BRITISH MEDICAL ASSOCIATION.
 - E. AMENDMENTS DESIRED BY PHARMACEUTICAL SOCIETY OF GREAT BRITAIN.
-

A
BILL

TO

Provide for Insurance against Loss of Health and for the Prevention and cure of Sickness and for Insurance against Unemployment, and for purposes incidental thereto.

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I.

NATIONAL HEALTH INSURANCE.

Insured Persons.

1. *Insured persons.*]—(1) Subject to the provisions of this Act, all persons who are employed within the meaning of this Part of this Act shall be, and any persons who are not so employed but who possess the qualifications herein-after mentioned may be, insured in manner provided in this Part of this Act, and all persons so insured (in this Act called “insured persons”) shall be entitled in the manner and subject to the conditions provided in this Act to the benefits in respect of health insurance and prevention of sickness conferred by this Part of this Act.

§ 1.

“all persons.”—See definition in (2) below.

§ 1.

(2) The persons employed within the meaning of this Part of this Act (in this Act referred to as “employed contributors”) shall include all persons of either sex, whether British subjects or not, who are engaged in any of the employments specified in Part I. of the First Schedule to this Act, not being employments specified in Part II. of that schedule:

Provided that the Insurance Commissioners hereinafter constituted may, with the approval of the Treasury, by regulations, provide for including amongst the persons employed within the meaning of this Part of this Act any persons engaged in any of the excepted employments specified in Part II. of the said schedule.

“whether British subjects or not.”—See clause 35 for the special provisions as to aliens.

(3) The persons not employed within the meaning of this Part of this Act who are entitled to become insured persons include all persons who either—

(a) are engaged in some regular occupation and are wholly or mainly dependent for their livelihood on the earnings derived by them from that occupation; or

(b) have been employed contributors for a period of five years or upwards;

and the persons possessing such qualifications who become insured persons are in this Act referred to as voluntary contributors:

For terms on which “voluntary contributors” may come into the scheme, see clause 5.

(a) “engaged in some regular occupation, &c.”—This is one of the provisions of the Bill which is causing much trouble—and is especially objected to by the doctors. If it includes such rich men as the Governor of the Bank of England, who was particularly mentioned, it would certainly appear to include persons who can be in no possible need of the benefits conferred by the Bill—and the words “wholly or mainly dependent” are not definite enough.

There is no income limit ; and in view of the attitude taken up by the medical profession it is very likely that this portion of the Bill relating to voluntary contributors will have to be dropped. There does not seem to be any good reason why rich men should be assisted by the Government grant, nor why they should receive medical attendance at nominal rates.

The Chancellor of the Exchequer was asked whether "any person, however wealthy, will be able under clause 5 to obtain all the health insurance benefits conferred by the Act, provided that he depends partly for his livelihood upon some regular occupation, while paying as premium only seven-ninths of the amount which he would have to pay to an insurance company. If so, upon what principle is the remaining two-ninths payable by the State, and whether he has considered the effect upon insurance companies of such competition in these cases."

Mr. Lloyd George : "The answer to the first part of the question is in the affirmative, provided that the person referred to joins an approved society. A wealthy man who becomes insured would probably contribute in taxation."

But no answer was given to the last part of the question :

Provided that where a person who has been a voluntary contributor for five years or upwards ceases to possess such qualifications as aforesaid he shall not by reason thereof be disentitled to continue to be insured under this Part of this Act.

(4) Nothing in this section shall require or authorise a person over the age of sixty-five years not previously insured under this Part of this Act to become so insured.

2. *Exemptions.*]—(1) Where any person employed within the meaning of this Part of this Act proves that he is not as a rule employed for more than thirty-nine weeks in a year and is either—

(a) in receipt of any pension or income of the annual value of *twenty-six* pounds or upwards not dependent upon his personal exertions; or

(b) ordinarily dependent upon some other person, he shall be entitled to a certificate exempting him from the liability to become or to continue to be insured under this Part of this Act.

§ 2.

(2) All claims for exemption shall be made to, and certificates of exemption granted by, the Insurance Commissioners in the prescribed manner: Provided that the regulations of the Insurance Commissioners may provide for claims under this section being made to and certificates granted by approved societies and local Health Committees herein-after constituted.

Contributions.

3. *Contributions by insured persons, employers, and the Treasury.*—Except as otherwise provided by this Act, the funds for providing the benefits conferred by this Part of this Act and defraying the expenses of the administration of those benefits shall be derived as to *seven-ninths* (or, in the case of women, *three-fourths*) thereof from contributions made by or in respect of such contributors by themselves or their employers, *and as to the remaining two-ninths* (or, in the case of women, *one-quarter*) thereof from moneys provided by Parliament.

4. *Rates and rules for contributions by employed contributors and their employers.*—(1) The contributions payable in respect of employed contributors shall be at the rate specified in Part I. of the Second Schedule to this Act (herein-after referred to as the employed rate), and shall comprise contributions by the contributors and contributions by their employers at the rates specified in that Part of that schedule, and shall be payable at weekly or other prescribed intervals.

“**Part I. of the Second Schedule.**”—This is an instance of the careless drafting of the Bill—there is no first part of the Second Schedule!—the words, of course, should be “specified in the Second Schedule.”

“**payable at weekly or other prescribed intervals.**”—The provisions throughout the Bill are for weekly payments. If it is intended, as the speeches of Ministers would appear to suggest,

that payments should be made less frequently, say at the time when wages or salaries are paid, then definite words to this effect should be inserted in the Bill.

See clause 7, where power is given to the Insurance Commissioners to make regulations as to times, &c. of payments.

§ 4.

(2) The employer shall, in the first instance, pay both the contributions payable by himself (in this Act referred to as the employer's contributions), and also on behalf of the employed contributor the contributions payable by such contributor, and shall be entitled to recover from the contributor by deduction from his wages or otherwise the amount of the contributions so paid by him on behalf of the contributor in accordance with the rules set out in the Third Schedule to this Act.

(3) An employed contributor who is temporarily unemployed shall not, whilst so unemployed, be under any obligation to pay any contributions which if he were employed would be payable in respect of him, but nothing in this section shall prevent such a contributor paying such contributions for the purpose of avoiding falling into arrear.

"would be payable in respect of him."—The wording of this sub-section is not very clear. If it means, as these words would seem to imply, that when he is out of work the workman has to pay not only his own 4*d.* but his employer's 3*d.* as well, then it seems to be rather hard on the workman that when he is earning nothing he should yet have to pay nearly double the amount he would have to pay when in employment to prevent himself falling into arrear. Anyhow, the words should be altered so as to make the meaning clear.

See clause 10, which regulates reduced rates of benefits when contributions are in arrear. See also Fifth Schedule.

(4) Contributions in respect of employed contributors shall cease to be payable on their attaining the age of seventy.

This is of course the age at which old age pensions become payable.

§ 4.

(5) The employer of a person who though employed within the meaning of this Part of this Act is not insured under this Part of this Act by reason either—

- (a) that, not having previously been insured, he has become employed within the meaning of this Act after attaining the age of sixty-five; or

See clause 1 (4).

- (b) that he has obtained a certificate of exemption under this Act;

See clause 2.

shall be liable to pay the like contributions as would have been payable as employer's contributions if such person had been an employed contributor, and such contributions shall be carried to such account and dealt with in such manner as may be prescribed.

The manner in which the employer has to pay these extra contributions has yet to be "prescribed."

5. Rates and rules for contributions by voluntary contributors.—(1) The contributions payable by voluntary contributors shall be at the rate appropriate to their age at the date of their entry into insurance ascertained in accordance with a table to be prepared by the Insurance Commissioners (herein-after referred to as the voluntary rate) and shall be paid by the voluntary contributors at weekly or other prescribed intervals:

Provided that—

- (a) In the case of a person who comes into insurance within six months after the commencement of this Act, the voluntary rate shall, if he is below the age of forty-five at the date of coming into insurance, be the same as the employed rate, and if he is above that

§ 5.

age, be such rate, ascertained according to a table to be prepared by the Insurance Commissioners, as, having regard to his age at that date, will be sufficient to cover *seven-ninths*, or in the case of a woman *three-fourths*, of the benefits conferred by this Part of the Act;

- (b) Where a person, having been an employed contributor for five years or upwards, becomes a voluntary contributor the rate of contribution payable by him shall continue to be the employed rate.

“rate appropriate to their age.”—These rates are not yet known, as the Table has yet “to be prepared.”

But by (a) all voluntary contributors, if they come into the scheme within six months of the passing of the Act, will pay the same rate as the ordinary contributor, plus the amount which the employer would have had to pay, had the voluntary contributor been in ordinary employment and receiving 160*l.* a year or less—in other words, he will have to pay 7*d.* a week and the State will contribute 2*d.*

(2) Contributions by voluntary contributors shall cease to be payable on their attaining the age of seventy.

This is the same provision as in the case of employed contributors [clause 4 (4)].

6. *Change from voluntary rate to employed rate and vice versâ.*]—(1) Where an insured person has become a member of an approved society as a voluntary contributor, the rate of contributions payable in respect of him shall, notwithstanding that he becomes employed within the meaning of this Part of this Act, remain the voluntary rate, unless at any time after becoming so employed he gives notice in the prescribed manner of his wish to be transferred to the employed rate.

This clause applies to those voluntary contributors who have not come into the scheme within the six months of the passing of the Act.

§ 6.

“notice in the prescribed manner.”—This has yet to be defined.

(2) Where he gives such notice the rate payable in respect of him shall be the employed rate, but in such case the rate of sickness benefit payable in respect of him shall be such reduced rate as would have been payable had he not previously been insured, subject to such allowance as may according to tables prepared by the Insurance Commissioners represent the value at that time of the contributions previously paid by him.

These Tables have yet to be prepared.

(3) Where he does not give such notice, and until he does so, the contributions payable by his employer in respect of him during any period of employment within the meaning of this Part of this Act shall be the same as if he had been transferred to the employed rate, and the contributions so paid by the employer shall be treated as in part satisfaction of the contributions at the voluntary rate payable by the contributor, and if the contributor fails to pay the balance he shall be deemed to be in arrear to that extent.

(4) Where an employed contributor within five years from his entry into insurance ceases to be employed within the meaning of this Part of this Act and becomes a voluntary contributor, he shall be deemed to be in arrear, as from the date when he became a voluntary contributor, to the amount of the difference between the aggregate contributions paid in respect of him as an employed contributor and the aggregate of the contributions which would have been payable by him had he originally become a voluntary contributor, and the difference between any reserve value which is credited to the approved society of which he is a member in respect of him and the reserve value (if any) which would have been credited to that

society in respect of him had he originally become a voluntary contributor shall be cancelled.

§ 6.

7. Power to make regulations for the payment of contributions.]—Subject to the provisions of this Act, the Insurance Commissioners may make regulations providing for any matters incidental to the payment and collection of contributions payable under this Act, and in particular for—

- (a) payment of contributions by means of adhesive or other stamps affixed to or impressed upon books or cards, and regulating the manner, times, and conditions in, at, and under which such stamps are to be affixed or impressed;
- (b) the entry in or upon books or cards of particulars of contributions paid and benefits distributed in the case of the insured persons to whom such books or cards belong;
- (c) the issue sale custody or delivery up of books or cards and the replacement of books or cards which have been lost destroyed or defaced.

See note to clause 4 (1). It would surely be better to insert in the Bill itself provisions as to when subscriptions are to become payable.

Benefits.

8. Rates and conditions of benefits.]—(1) The benefits conferred by this Part of this Act upon insured persons are—

- (a) Medical treatment and attendance, including the provision of proper and sufficient medicines (in this Act called “medical benefit”);
- (b) Treatment in sanatoria or other institutions when suffering from tuberculosis, or such other diseases as the Local Government Board with the approval of the Treasury may appoint (in this Act called “sanatorium benefit”);

§ 8.

- (c) Weekly payments whilst rendered unfit to provide their own maintenance by some specific disease or by bodily or mental disablement, commencing from the fourth day after notice thereof is given, and continuing for a period not exceeding twenty-six weeks (in this Act called "sickness benefit");

For amounts payable under "sickness benefit," see Fourth Schedule, Part I.

- (d) In the case of the disease or disablement continuing after the determination of sickness benefit, weekly payments so long as so rendered unfit by the disease or disablement (in this Act called "disablement benefit");

For amounts payable under "disablement benefit," see Fourth Schedule, Part I.

- (e) Payment in the case of the confinement of the wife of an insured person, who is not herself an insured person, or of a woman who is an insured person, of a sum of *thirty shillings* (in this Act called "maternity benefit");
- (f) In the case of persons entitled under any scheme made in accordance with this Part of this Act to any of the further benefits mentioned in Part II. of the Fourth Schedule to this Act (in this Act called "additional benefits") such of those benefits as may be distributable under that scheme.

For list of "additional benefits," see Fourth Schedule, Part II.

(2) Subject to the provisions of this Part of this Act, the rates of sickness benefit and disablement benefit to which insured persons are entitled shall be the rates specified in Part I. of the Fourth Schedule to this Act.

§ 8.

(3) The right to sickness benefit and disablement benefit shall not commence before the insured person attains the age of sixteen and shall cease on his attaining the age of seventy, but, save as aforesaid, the right to benefits (other than additional benefits) shall continue throughout life.

“age of seventy.”—This, of course, is the age when Old Age Pensions commence—so that a person who has been receiving the “disablement benefit” of 5s. a week up till then, will still continue to receive 5s. a week, only it will then be his old age pension. If he is, however, entitled to any additional benefits under the Act, he will continue to receive these in addition to his old age pension.

(4) Except with the consent of the society or committee administering the benefit, no insured person shall be entitled to any benefit during any period when he is resident either temporarily or permanently outside the British Islands, or to medical benefit during any period when he is resident outside the United Kingdom.

This clause is not very clear.

See, however, clause 26 in reference to transfers to foreign and colonial societies.

(5) Where an insured person, having been in receipt of sickness benefit, recovers from the disease or disablement in respect of which he receives such benefit, any subsequent disease or disablement, or a recurrence of the same disease or disablement, shall be deemed to be a continuation of the previous disease or disablement, unless in the meanwhile a period, continuous or discontinuous, of at least twelve months has elapsed, and at least fifty weekly contributions have been paid by or in respect of him:

Provided that the benefit in respect of such subsequent or recurrent disease or disablement shall not commence to be payable before the date at which it would, apart from this provision, have commenced.

§ 8.

This clause is, of course, important in view of the fact that by the Fourth Schedule a higher rate of sickness benefit is payable during the first 13 weeks.

(6) Where a woman is herself entitled to maternity benefit she shall not be entitled to sickness benefit, disablement benefit, or medical benefit at and for a period of four weeks after her confinement.

These words seem to make it clear that a woman contributor only gets the benefit of the maternity benefit of 30s. for these four weeks and does not receive the sick pay (say of 7s. 6d. a week) which she would be entitled to in the case of any ordinary illness. But the Chancellor of the Exchequer, in answer to a question, said that the maternity benefit must be regarded as additional to sickness benefit, and not as a substitute for it! If this is the intention and is agreed to by the House, the words of this sub-section will, of course, have to be altered. The clause as it stands is greatly resented by women generally—the maternity benefit of 30s. is not to be paid to the woman in cash, but is to be applied in payment of doctor, nursing, &c.

See clause 16 for administration of maternity benefits.

(7) Notwithstanding anything in this Part of this Act, no insured person shall be entitled—

- (a) to medical benefit during the first six months after the commencement of this Act;
- (b) to sickness benefit unless and until twenty-six weeks have elapsed since his entry into insurance, and at least twenty-six contributions have been paid by or in respect of him;
- (c) to disablement benefit unless and until one hundred and four weeks have elapsed since his entry into insurance, and at least one hundred and four contributions have been paid by or in respect of him;
- (d) to sickness benefit in respect of any disease or disablement which commenced during the twenty-six weeks, or to disablement benefits in respect of any disease or disablement which

§ 8.

- commenced during the one hundred and four weeks, next following his entry into insurance;
- (e) to sickness benefit or disablement benefit during any period when he is provided with board and lodging by his employer;
- (f) to maternity benefit unless and until twenty-six, or in the case of a voluntary contributor fifty-two weeks have elapsed since his entry into insurance, and at least twenty-six, or in the case of a voluntary contributor fifty-two, contributions have been paid by or in respect of him.

The main object of this clause is to enable a fund to be established, and the actuarial calculations have been made on the basis of the fund being formed.

(e) This sub-section has occasioned much adverse criticism. It would apply expressly in the case of domestic servants and shop-assistants who sleep in. In any such case where these employés were nursed in the house of their employer, they would not receive these two benefits for which both they and their employers had contributed.

(f) This is, of course, practically to prevent fraud on the part of a voluntary contributor.

(8) As soon as a sum has been accumulated by investment sufficient to provide interest at *three per cent.* per annum on the amounts then standing to the credit of all approved societies the benefits payable to insured persons under this Part of this Act shall be extended in such manner as Parliament may determine, but in determining the distribution of such extended benefits amongst the persons who become entitled thereto regard shall be had to the claims or special considerations of persons who have entered into insurance at an early age.

9. *Reduced rates of benefit in certain cases.*]—(1) In the case of insured persons who are under the age of twenty-one years and unmarried, sickness benefit and

§ 9.

disablement benefit shall be at the reduced rates specified in Table B. in Part I. of the Fourth Schedule to this Act.

(2) The rates of sickness and disablement benefits may in any case, and shall in all cases where the rate of sickness benefit or disablement benefit (as the case may be) exceeds two-thirds of the usual rate of wages or other remuneration earned by insured persons, be reduced to such an extent as the society or committee administering the benefit, with the consent of the Insurance Commissioners, determines; but where such reduction is made provision shall be made by the society or committee, with the like consent, for the grant of one or more additional benefits of a value equivalent to such reduction.

This is to prevent it paying a contributor better to be ill than well !

(3) Sickness benefit shall be reduced in accordance with Table C. in Part I. of the Fourth Schedule to this Act in the case of any insured person who is over fifty years of age at the date of any claim by him for such benefit and has not then paid at least five hundred weekly contributions.

“**Sickness benefit.**”—This sub-section only has the effect of reducing the sickness benefit, and does not alter the right of those persons to receive the full disablement benefit.

(4) In the case of every person over the age of sixteen years who, not having been previously insured under this Part of this Act, becomes an employed contributor subsequently to the expiration of one year from the commencement of this Act, the rate of sickness benefit and maternity benefit to which he is entitled shall (unless he proves that his time since he attained the age of sixteen has been spent in a school or college, or otherwise in the completion of his education, or unless he undertakes him-

§ 9.

self to pay the difference between the voluntary rate and the employed rate, or pays to the Insurance Commissioners, to be credited to the society, such capital sum as will be sufficient to secure him benefits at the full rate) be such reduced rate as may be fixed in accordance with tables to be prepared by the Insurance Commissioners, but not in any case less than *five shillings* a week for sickness benefit or *fifteen shillings* for maternity benefit:

Provided that if at any time subsequently such person would become entitled to sickness benefit at a higher rate if he were treated as having become an employed contributor as from the time when he attained the age of sixteen, or as from the expiration of one year after the commencement of this Act, whichever date may be the later, and as being in arrear for all contributions which, had he become an employed contributor at that date, would have been payable in respect of him between that date and the date when he actually became an employed contributor, he shall, if he so elects, be entitled to be so treated.

10. *Reduced rates of benefits where contributions are in arrear.*—(1) Where an insured person being a member of an approved society is in arrear to an amount greater than thirteen contributions a year on the average since his entry into insurance, his right to benefits under this Part of this Act shall be suspended, and at the expiration of the next succeeding calendar year any sums credited to the society in respect of him, calculated in the prescribed manner, shall, if his right to benefits still continues to be suspended, be transferred to such account and dealt with in such manner as may be prescribed:

Provided that if at any time after such suspension he again becomes employed within the meaning of this Part of this Act he shall be entitled to benefits at such rate, after the lapse of such time and after the payment of such number of contributions, as would have been applic-

§ 10.

able to his case had he not previously been an insured person, but if he so elects at any time the rate of benefits shall be such rate as he would be entitled to, were the period from the time of his original entry into insurance taken as a whole.

See clause 4 (3), which allows a contributor out of employment to pay contributions to prevent his falling into arrear.

(2) Where an employed contributor claiming sickness benefit is at the date of such claim in arrears but the arrears are less than as aforesaid, then the rate of sickness benefit shall be reduced to a sum not less than *five shillings* a week, or the time when sickness benefit commences deferred, proportionately to the amount of arrears in accordance with the table in the Fifth Schedule to this Act.

(3) Where a voluntary contributor is in arrears he shall be liable to such reduction or suspension of benefits as may be prescribed.

The Fifth Schedule does not apply in the case of voluntary contributors. The reductions in this case have yet to be prescribed.

(4) In calculating arrears of contributions, no account shall be taken of any arrears accruing—

- (a) during any period when the person in question has been, or but for this or the two next succeeding sections of this Act would have been, in receipt of sickness benefit or disablement benefit; or
- (b) in the case of a woman who, being an insured person, is herself entitled to maternity benefit, during two weeks before and four weeks after her confinement; or
- (c) during the first twelve months after the commencement of this Act; or
- (d) during any period when the contributor (if an employed contributor) is under the age of sixteen years;

but, save as aforesaid, contributions shall be deemed to be payable in respect of every week from the date of entry into insurance.

(5) Where an insured person has paid any arrears of contributions payable by or in respect of him which accrued during the calendar year current at the date of payment and the previous calendar year, together with interest thereon at the rate of *three per cent.* per annum from the respective dates on which the contributions accrued due and the date of payment, he shall be treated for the purposes of this section as if the arrears so paid had never become due:

Provided that if such person is at the date of payment or subsequently within one month thereafter becomes unfit to provide for his own maintenance through disease or disablement, he shall for the purposes of this section be deemed to be still in arrear in respect of the amount so paid until after the expiration of one month from the date of his recovery from such disease or disablement.

11. *Provisions in the case of contributors entitled to compensation or damages.*—(1) Where an insured person has received or recovered or is entitled to receive or recover, whether from his employer or any other person, any compensation or damages under the Workmen's Compensation Act, 1903, or any scheme certified thereunder, or under the Employers' Liability Act, 1880, or at common law, in respect of any injury or disease, the following provisions shall apply:—

(a) No sickness benefit or disablement benefit shall be paid to such person in any case where any weekly sum or the weekly value of any lump sum paid or payable in respect of any such compensation or damages is equal to or greater than the benefit otherwise payable to such person, and where any such weekly sum or the weekly value of any such lump sum is less than the benefit in

§ 11.

question, such part only of the benefit shall be paid as, together with the weekly sum or the weekly value of the lump sum, will be equal to the benefit:

This is, of course, quite fair. If a workman meets with an accident for which he is entitled to receive compensation by law, such sum may very possibly be greater than he would receive under the Bill—at any rate, he is not to receive anything under this Bill provided he obtains from the employer as compensation for his accident an amount equal to that which the Bill would give him for sickness.

- (b) The weekly value of any such lump sum as aforesaid may be determined by the society or committee by which the sickness and disablement benefits payable to such person are administered:
- (c) No person entitled to any such compensation as aforesaid from his employer shall, except with the consent of the society or committee by which the sickness and disablement benefits payable to such person are administered, enter into any agreement to accept any lump sum in respect thereof, and any agreement entered into without such consent shall be null and void:

This sub-section is not very clear. If the employer comes to an agreement with the workman as to the amount of compensation it is all right; but in the case where, as so often happens, the employer having insured himself against risks, the workman then has to bring an action against the insurance company to enforce his claim, and compensation is awarded in the County Court, words should be inserted in this sub-section to meet that case.

- (d) Nothing in this section shall affect the right of an employer to redeem a weekly payment by payment of a lump sum in any case where he is entitled to do so under the Workmen's Compensation Act, 1906, but where he exercises such

§ 11.

right he shall, within three days thereafter, send to the Insurance Commissioners, or to the society or committee concerned, notice in writing of such redemption, giving particulars as to the amount of the lump sum and of the application thereof:

Similarly, if an amount is awarded by the County Court, provision should here be made for an officer of the Court to give particulars of the award to the Commissioners.

(e) Where an insured person is entitled to any such compensation or damages as aforesaid and refuses or neglects to take proceedings to enforce his claim, it shall be lawful for the society or committee concerned, either at its own expense, to take in the name and on behalf of such person such proceedings, in which case any compensation or damages recovered shall be held by the society or committee as trustee for the insured person, or to withhold payment of any benefit to which apart from this section such person would be entitled.

(2) Nothing in this section shall prevent the society or committee paying to an insured person entitled to such compensation damages benefit by way of advance pending the settlement of his claim for compensation or damages, and any advance so made shall, without prejudice to any other method of recovery, be recoverable by deductions from or suspension of any benefits which may subsequently become payable to such person.

12. *Provisions in the case of contributors who are inmates of hospitals, &c.*—(1) No payment shall be made in respect of sickness disablement or maternity benefit to any insured person during any period when he is an inmate of any workhouse, hospital, asylum, or infirmary, supported by any public authority or out of any public

§ 12. funds or by a charity, or of a sanatorium or similar institution established under this Part of this Act.

(2) During such period as aforesaid any such benefit which would otherwise have been payable to such person—

(a) shall be paid to or applied in whole or in part for the relief or maintenance of his dependants (if any) in such manner as the society or committee by which the benefit is administered think fit; or

(b) if such person is an inmate of a sanatorium or similar institution in which he is receiving treatment in accordance with the provisions of this Part of this Act, and has no dependants, shall be paid to the local Health Committee towards the general purposes thereof.

(3) For the purpose of this section, the expression “dependants” shall include such of the following members of the insured person’s family as are wholly or in part dependent upon the earnings of such person at the time when he became an inmate of any such institution as aforesaid, that is to say, his or her wife or husband, father, mother, grandfather, grandmother, step father, step mother, son, daughter, grandson, granddaughter, step son, step daughter, brother, sister, half brother, half sister.

(4) The society or committee by which the sickness disablement or maternity benefit of any insured persons is administered, may enter into any agreement with the proper officers or authorities of any convalescent home or sanatorium, admission to which is conditional on the payment of the whole or any part not less than *one half* of the cost of maintenance, for the payment thereto of any sickness disablement or maternity benefit which would, apart from this section, be payable to or in respect of any such person who becomes an inmate of such home, during any period for which he remains an inmate.

Similarly, I do not see why, when the contributor is in a hospital, the sickness benefit to which he would otherwise be entitled, or some part thereof, should not be paid over to such hospital.

By clause 17, it is made lawful for an approved society to grant subscriptions or donations to hospitals, &c., and as the society is saved paying out the amount of the sickness, disablement or maternity benefit, if the recipient is an inmate of a hospital, it would seem only fair that the hospital should be paid the money.

§ 12.*Administration of Benefits.*

13. *Benefits to be administered by approved societies or the local Health Committee.*—(1) Sickness benefit, disablement benefit, and maternity benefit, and, subject to the provisions of the next succeeding section, medical benefit, shall be administered, in the case of insured persons who are members of an approved society, by and through the society, and in other cases by and through the local Health Committees; sanatorium benefit shall in all cases be administered by and through local Health Committees.

(2) Subject to the provisions of this Part of this Act, an approved society may, with the consent of the Insurance Commissioners, provide for the application of its existing rules or make new rules with regard to the manner and time of paying or distributing and mode of calculating benefits, suspension of benefits, notices and proof of disease or disablement, behaviour during disease or disablement, and the visiting of sick or disabled persons, and for the infliction and enforcement of penalties (whether by way of fines or suspension of benefits or otherwise) in the case of any member being an insured person who is guilty of any breach of any such rule, or of any imposition or attempted imposition in respect of any benefit under this Part of this Act, and may from time to time with the like consent alter or repeal any such rules; but—

(a) no fine imposed under any such rule shall exceed

§ 13.

ten shillings or, in the case of repeated breaches of rules, *twenty shillings*;

- (b) no such rule shall provide for the suspension of any benefit for a period exceeding one year;
- (c) every such rule relating to the visiting of insured persons shall provide that women shall not be visited otherwise than by women;
- (d) every such rule relating to behaviour during disease or disablement shall be in the prescribed form.

(3) The local Health Committee shall, subject to the approval of the Insurance Commissioners, make rules in respect of any of the matters mentioned in the last preceding subsection for the purpose of regulating the payment or distribution of benefits administered by the committee:

Provided that no such rule relating to anything to be done by, to, or through the Post Office shall be made without the consent of the Postmaster General.

(4) Where, under any such rule as aforesaid, payment of sickness or disablement benefit is suspended on the ground that the disease or disablement has been caused by the misconduct of the person claiming the benefit, such person shall nevertheless continue to be entitled to medical benefit.

This sub-section has been criticized—but the object of it is not so much to benefit the recipient as to prevent the possible spread of the disease.

(5) Where under any Act regulating the constitution of an approved society the rules of the society are required to be registered, any rules approved under this section by the Insurance Commissioners shall forthwith be registered, but till so registered shall have effect as if they had been duly registered.

14. *Administration of medical benefit.*—(1) Every approved society and local Health Committee shall for the

purpose of administering medical benefit make arrangements with duly qualified medical practitioners for insured persons to receive attendance and treatment to the satisfaction of the Insurance Commissioners from such practitioners.

§ 14.

This is one of the clauses which is much objected to by the doctors. They strongly object to be under the control of the societies. At his interview with the representatives of the medical profession, Mr. Lloyd George said :—

“The question is whether under 14 (1) it is intended that not merely should the treatment and attendance be to the satisfaction of the Commissioners, but that the arrangements made between the societies and the medical profession should be to the satisfaction of the Commissioners. The intention of the Government was that the Commissioners should have the right to consider the fairness of the arrangement, so that, suppose you get the kind of arrangement, that I am sorry to say you have too often experienced, of men having half a crown per patient, or some grossly inadequate fee, the Health Commissioners would have the right to say then that no medical man can possibly offer adequate and sufficient services at such a miserable fee, and they will have the right to send back the contract and say that it must be amended and an adequate fee paid, as otherwise the patient would suffer as well as the doctor. I agree that the wording is, perhaps, rather ambiguous, and that it will have to be strengthened in that respect, and I propose introducing words into that sub-section that will make perfectly clear the intention of the Government that the Insurance Commissioners will have the right to refuse a contract between the medical profession and the societies, and to see that it is a fair bargain for the medical man as well as the patient.”

(2) Every such society or committee shall also make provision for the supply of proper and sufficient drugs and medicines to insured persons, and no arrangement shall be made with a medical practitioner under which he is bound or agrees to provide drugs or medicine for any insured person at an inclusive fee, without the consent of the Insurance Commissioners, which consent they shall not give unless the circumstances of any locality

§ 14. situate in a rural district are such as to make it expedient to do so.

This provision as it is worded does not satisfy the chemists. They naturally wish the necessary drugs to be supplied through them, and they fear that under this clause the societies and Health Committees may set up their own depôts for the distribution of the drugs. Their contention is that under the Bill, as medical attendance and medicine are now to be given gratis to the great majority of their present customers, they will lose an enormous amount of the trade which they now carry on in drugs, patent medicines, &c., and that unless provision is made for the drugs to be supplied through them they will be ruined.

(3) An approved society may enter into an agreement with the local Health Committee for the administration of medical benefit among such of the members of the society entitled thereto as may be resident in the county or county borough for which the committee is established; and on any such agreement being made the committee shall take over such administration and there shall in each year be paid out of moneys credited to the society such sum in respect of every member of the society entitled to the benefit and resident in the county or county borough as may be agreed between the society and the committee.

(4) If in any year the amount payable to a local Health Committee in respect of all persons for the administration of whose medical benefit it is responsible is insufficient to meet the estimated expenditure thereon, the Committee may, through the Insurance Commissioners, transmit to the Treasury and to the council of the county or county borough an account showing the amount so payable and the estimated expenditure, and the Treasury and the county council or the council of the county borough shall, if satisfied that the amounts so payable and the proposed expenditure are reasonable and proper in the circumstances, sanction the expenditure.

§ 14.

(5) The Treasury and the council of the county or county borough sanctioning any such expenditure as aforesaid shall thereupon each be liable to make good, *in the case of the Treasury out of moneys provided by Parliament*, and in the case of the council of a county or county borough out of the county fund or borough fund or borough rate, as the case may be, *one half* of any sums expended by the local Health Committee on medical benefit in the course of the year in excess of the amounts so payable to the local Health Committee as aforesaid.

15. Administration of sanatorium benefit.]—(1) For the purpose of administering sanatorium benefit local Health Committees shall make arrangements, to the satisfaction of the Insurance Commissioners, with persons or local authorities having the management of a sanatoria or other similar institutions approved by the Local Government Board for the treatment therein of insured persons entitled to sanatorium benefit under this Part of this Act.

(2) The sums available for defraying the expenses of sanatorium treatment in each year shall be—

- (a) *one shilling and threepence* in respect of each insured person resident in the county or county borough payable out of the funds out of which benefits are payable under this Part of this Act;
- (b) *one penny in respect of each such person payable out of moneys provided by Parliament*;

Provided that the Insurance Commissioners may retain the whole or any part of the sums so payable out of moneys provided by Parliament for the purposes of research.

(3) An insured person shall not be entitled to sanatorium benefit unless the local Health Committee considers the case one suitable for sanatorium treatment.

§ 16.

16. *Administration of maternity benefit.*—(1) Where the mother of the child is herself an insured person maternity benefit shall be treated as a benefit for her and shall be administered by the approved society of which she is a member, or if she is not a member of any society by the local Health Committee; if she is not herself an insured person the benefit shall be treated as a benefit for her husband and shall be administered by the approved society of which he is a member, or if he is not a member of any such society by the local Health Committee, and shall be payable in respect of a posthumous child.

“**is herself an insured person.**”—See clause 8 (b), by which, as at present drawn, a woman who is an insured person is not entitled to sickness, disablement, or medical benefits for a period of four weeks after her confinement. (See note to clause 8 (b).)

(2) The money payable by way of maternity benefit shall be expended in such manner as may be prescribed, and no payment shall be made by way of maternity benefit if the mother of the child has failed to comply with such conditions as may be prescribed.

“**expended in such manner as may be prescribed.**”—In the “Memorandum explanatory of the Bill it is stated that societies will not be allowed to pay this benefit in cash to the insured person or her husband, but will be required to pay expenses incurred up to the sum of 30s. under prescribed conditions.”

17. *Power to approved societies to subscribe to hospitals, &c.*—It shall be lawful for an approved society to grant such subscriptions or donations as it may think fit to hospitals and other charitable institutions, or for the support of district nurses, and to appoint nurses for the purpose of visiting insured persons who are members of the society, and any sums so expended shall be treated as expenditure on such benefits under this Part of this Act as may be prescribed.

“to hospitals.”--See note to clause 12.

It is curious that although power is given by the clause for approved societies to make grants to hospitals, &c., no such power seems to be given to the local Health Committees. (See clause 44.)

§ 17.

Approved Societies.

18. *Conditions for the approval of approved societies.]*

—(1) Any society, that is to say, any body of persons, corporate or unincorporate (not being a branch of another such body), registered or established under any Act of Parliament, which gives such security as is required to be given under this Part of this Act and otherwise complies with the requirements of this Act relating to approved societies, may be approved by the Insurance Commissioners, and if so approved shall be an approved society for the purposes of this Part of this Act.

(2) No society shall receive the approval of the Insurance Commissioners unless it satisfies the following conditions:—

- (i) It must have at least ten thousand members, being insured persons;

This must, of course, be read in conjunction with sub-section (3), below. In addition to this proviso, small societies may amalgamate, and so bring their members up to the 10,000. But the requirement is far from popular, many of the smaller societies objecting to being merged in larger societies, and so losing their individuality. Also, it is urged that small societies will be better able to stop malingering. In the case of Ireland, the minimum number is 5,000. (Clause 59 (3).)

- (ii) It must be precluded by its constitution from distributing any of its funds otherwise than by way of benefits (whether benefits under this Act or not) amongst its members;

The Labour Party object to this sub-section because, as drawn, it would prevent a trade union becoming an approved society.

§ 18.

Words will doubtless be inserted to meet their wishes, to enable trade unions to become approved societies, provided all the funds received for the purposes of this scheme are earmarked and kept quite separate from the ordinary funds of the union.

- (iii) Its affairs must be subject to the absolute control of its members;

See clause 19 (1) (b), which modifies this sub-section in the circumstances there set out.

- (iv) Its constitution must provide for the election of all its committees, representatives, and officers by its members.

(3) A society may apply for approval at any time before or after the commencement of this Act, and a society with less than ten thousand members being insured persons which otherwise fulfils the requirements of this section may be approved by the Insurance Commissioners conditionally upon its having the requisite number of such members within such time as the Insurance Commissioners may allow.

This will enable societies having less than the 10,000 members to obtain the requisite number within "such time, &c.," which it is anticipated many of them will be able to do quite easily, because so many people will be desirous of joining one of the established societies. It also enables societies to amalgamate, and so obtain the requisite number of members.

19. *Special provisions for employers' superannuation funds, &c.*—(1) Where a society consists of persons entitled to rights in a superannuation fund or any similar fund established by an employer or a number of employers for the benefit of workmen employed by him or them, the society may be approved—

- (a) notwithstanding that it does not satisfy the conditions laid down by this Part of this Act as to numbers;

- (b) if the employer is responsible for the solvency of the fund, or is liable to pay part of, or to make contributions towards, any benefits payable out of the fund similar to those conferred by this Part of this Act greater in amount or value than the employer's contributions payable by him under this Part of this Act, notwithstanding that he is entitled to representation on the committee or other body administering the fund, to an extent not exceeding one quarter of the total number of the body.

§ 19.

This, of course, is a modification of the requirements in clause 18 (2) (iii) and (iv).

(2) Where, by reason of any such society becoming an approved society, it is necessary to make any alteration in the existing rules or constitution of the fund, a scheme for the purpose may be submitted for the approval of the Insurance Commissioners.

(3) Where such a scheme has been approved by the Insurance Commissioners, the Act or deed constituting the fund shall have effect subject to the provisions of the scheme, but the Insurance Commissioners shall not approve any such scheme unless they are satisfied that the members of the society have been given an opportunity of voting thereon, and that the scheme makes proper provision for safeguarding existing rights and interests.

Clauses 18 and 19 do not meet with the approval of members of the Labour Party. They do not want to see shop clubs increased, because this would have the effect of weakening trade unions organisation, and might, they think, enable employers to shift burdens on to the shoulders of the workmen. Clause 18 prevents their funds being used in future as they have been used in the past.

A Labour Member asked the Chancellor of the Exchequer whether railway companies' friendly and superannuation societies, membership of which was compulsory as a condition of employment by the companies, and also other railway companies' societies

§ 19.

membership of which was not compulsory, whose solvency depended upon subsidies by the companies by agreement and with no statutory obligation, would be eligible for admission as approved societies under the terms of the National Insurance Bill.

The Chancellor of the Exchequer: I must refer the hon. member to clause 19 of the Bill. It does not appear that the eligibility of a society for approval would be affected by the circumstances such as those referred to in the question. I may add that a member leaving such a society and joining any other approved society would be entitled to carry with him from the first society to the second the sum representing the accumulation actuarially ascertained as appropriate to his age.

20. *Security to be given by approved societies.*]—

(1) Every approved society and every society desirous of becoming an approved society shall give such security as the Insurance Commissioners may consider sufficient to provide against any malversation or misappropriation by officers of the society of any funds coming to their hands under this Part of this Act, but the security so given shall not, unless the Insurance Commissioners are willing to accept security of a smaller amount, be less in value than *one half* of the aggregate of the annual contributions payable by or in respect of the members of the society who are insured persons.

The friendly societies object to this clause. They have always very carefully invested their own funds, and naturally do not like to lose the control of them in this way. Moreover, they have been able to obtain about 4 per cent. interest on their funds—assuming the Government to allow them 3 per cent., this is a loss of 1 per cent., which is so much money lost which would otherwise go towards the additional benefits.

(2) In the case of an approved society with branches having insured persons among their members, security shall be given in respect of each such branch by the society.

(3) Except in cases where the Insurance Commissioners are willing to accept other security, such security

shall be given by deposit, made in the prescribed manner, of securities belonging to the society.

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(4) The Insurance Commissioners may from time to time vary the amount of security to be given or maintained by an approved society as may be thought proper, and any such society may, with the consent of the Insurance Commissioners, substitute other securities for the securities for the time being deposited.

(5) Any dividends or interest arising from securities deposited by an approved society under this section shall be paid to the society.

21. *Approved societies to provide for local administration, &c.*—(1) Every approved society, being a society with branches, shall make proper provision by rules to the satisfaction of the Insurance Commissioners—

- (a) for the government of the society and its branches;
- (b) for the determination of disputes arising between the society and any branch thereof, or between one such branch and another;
- (c) for the administration of benefits by the branches as respects insured persons who are members of such branches;
- (d) for the keeping of proper books of account by the branches in any case where separate accounts are usually kept by those branches;
- (e) for depriving of or suspending from the right of administering benefits under this Part of this Act any branch which is guilty of maladministration of those benefits, and for providing in such a case for their administration by the society or otherwise.

(2) Every approved society whose affairs are managed by delegates, or by whose rules voting by proxy or by post is permitted, or which distributes benefits amongst members residing at a greater distance from its head office or principal place of business than three miles if such

§ 21.

place of business is situate in London or a borough or urban district, or ten miles if such place of business is situate in a rural district, must, in every locality in which there are ordinarily resident one thousand of its members being insured persons, establish a local committee for the purpose of administering benefits, so that as far as practicable there shall be one such local committee at least for every thousand members of the society who are insured persons.

(3) Subject to regulations made by the Insurance Commissioners, every approved society must, in every locality distant more than three miles from its nearest office in which there are ordinarily resident not less than two hundred and fifty of its members being insured persons, on the written requisition of not less than fifty of such members, establish a local committee in respect of such locality.

(4) Proper provision shall be made by rule to the satisfaction of the Insurance Commissioners for the election of local committees established under this section by the members of the society residing in the locality for which such committees are appointed, and for the proper management of such committees and the government thereof by the society.

(5) Every approved society and every branch thereof, and every such local committee as aforesaid, shall comply with any regulations made by the Insurance Commissioners as to the place in which meetings are to be held, and those regulations may provide for the use for such meetings, with or without payment, of any offices or other buildings belonging to or under the management of a local authority.

This clause is strongly objected to by one of the great friendly societies, namely, the Hearts of Oak Benefit Society, and a deputation of the society waited upon the Chancellor of the Exchequer to point out the injurious effect which the adoption of this clause, sects. 2, 3, and 4, would have on their society.

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The society, it was explained, was completely centralized, not only as regards its funds, but also for the purpose of administration and management generally, and it was claimed that the success of the society was largely the result of its centralized system of control. The clauses objected to require that a local committee should be set up in every district "for the administration of benefits."

After reading a statement which had been submitted, and hearing the deputation, Mr. Lloyd George stated that his chief purpose was to ensure the proper administration of the medical benefit in the interest of the members, and as an alternative to the clauses referred to he suggested that the Hearts of Oak should agree to the administration of that benefit by the "local Health Committees" which would be appointed and upon which the friendly societies would have ample representation. He assured the deputation that he is desirous of preserving the variety and individuality of systems and societies, and the complete independence of the centralized as well as other societies.

The alternative proposed seems the only way out of the difficulty if this clause is to stand, but the members of the Hearts of Oak make a point of one representative being appointed by their society on every local Health Committee. They would, however, have preferred to administer the medical benefit locally through the medical associations all over the country which have been and are independent existences, but could be made officially attached to the central office.

22. *Secessions, &c.*—(1) No branch of an approved society having insured persons among its members shall be entitled to secede or withdraw from the society without the consent of the Insurance Commissioners; but such consent shall not be given unless the seceding or withdrawing branch complies with the conditions of approval requisite in the case of approved societies, and on any such consent being given the branch shall be subject in all respects to the provisions and requirements of this Part of this Act relating to approved societies.

(2) An approved society or a branch thereof shall not be dissolved without the sanction of the Insurance Commissioners, and any such dissolution, so far as it affects

§ 22.

members who are insured persons, shall be carried out in the prescribed manner.

(3) No branch of an approved society shall be expelled from the society unless proper provision is made to the satisfaction of the Insurance Office with respect to any members of the branch who are insured persons.

(4) This section shall have effect notwithstanding anything contained in any Act regulating the constitution of the society.

23. *Withdrawal of approval.*—Where an approved society fails to comply with any of the provisions or requirements of this Part of this Act relating to approved societies, or is convicted of any offence under any Act regulating the constitution of the society or under any other Act, the Insurance Commissioners may withdraw their approval, and thereupon the society shall cease to be an approved society and the Insurance Commissioners shall make such provision as they may consider necessary with respect to members of the society who are insured persons.

Membership of Approved Societies and Transfer of Members.

24. *Admission of insured persons to membership in approved societies.*—(1) Subject to the provisions of this Act, any insured person and any person desirous of becoming an insured person may apply to an approved society for membership therein.

(2) An approved society shall be entitled, in accordance with its rules, to admit or reject any such applicant, or to expel any of its members being insured persons; provided that no such application shall be refused solely on the ground of the age of the applicant.

“solely on the ground of age.”—All persons coming within the Act will naturally wish to join an approved society on account

§ 24.

of the greater additional benefits to be received by so doing, and it is quite conceivable that some societies may not wish to accept all and sundry who may apply for membership. This clause leaves it open to them "to admit or reject" any applicant, but if the applicant was old, he would naturally say he was rejected on that account. I do not see the object or value of this condition—how is it proposed to deal with a society which so rejects an aged applicant?

25. Transfer from one approved society to another.]—

If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and becomes a member of another approved society, there shall be transferred to such other society in respect of such person a sum representing the liability of the first-mentioned society in respect of him (in this Act called "transfer value") calculated in accordance with tables to be prepared by the Insurance Commissioners.

These tables have yet to be prepared. I conclude, however, that a member leaving a society, whether by expulsion, or because he is leaving the neighbourhood, will not lose by the transfer. If so, it would be well to have words to this effect inserted.

26. Transfers to foreign and colonial societies.]—

(1) If an insured person ceases to be permanently resident in the United Kingdom and becomes a member of any society or institution established in a British possession or foreign country, of a kind similar to an approved society, which is approved by the Insurance Commissioners, or of any branch established outside the United Kingdom of an approved society, the transfer value of such person, or, in the case of a deposit contributor, the amount standing to his credit in the Post Office fund, shall be paid to such society or institution or branch; but no such payment shall be made unless the Insurance Commissioners are satisfied that the society, institution, or

§ 26. branch in question gives corresponding rights to any of its members becoming resident in the United Kingdom.

“any branch outside the United Kingdom.”—I do not think there are any branches of our friendly societies abroad or in the Colonies. I fancy there are only affiliated societies, and that the parent friendly societies here have no authority over them. If I am right, this fact seems to have been overlooked by the framers of the Bill. It is, however, stated in the memorandum that the Insurance Commissioners will compile a list of Colonial societies approved for the purpose of this clause.

See clause 8 (4), by which “except with the consent of the society” no insured person is entitled to “any benefit” when he is resident “outside the British Islands,” or to medical benefit “when he is resident outside the United Kingdom.” When this clause is read in conjunction with clause 26, the meaning is far from clear.

If an insured person is unable to join a society abroad, does he lose his transfer value?

(2) Where an arrangement has been made with the Government of any British possession or with the Government of any foreign State, whereby insured persons may be transferred to a society or institution established in the British possession or foreign State similar to an approved society or the Post Office fund, and members of any such society or institution may be transferred to approved societies or to the Post Office fund, it shall be lawful for the Insurance Commissioners to make such arrangements as may be necessary for any such transfer as aforesaid, and for the determination of the amount to be transferred in any such case, and of the rights to which any person transferred is to be entitled; so however that nothing in this section shall affect the rights of a society under this Part of this Act to refuse applications for membership.

See clause 35 (3).

§ 27.

27. *Prohibition against double insurance.*—A person shall not be or attempt to become a member for the purposes of this Part of this Act of more than one approved society at the same time, or, being a deposit contributor to, become at the same time a member for the purposes of this Part of this Act of an approved society, but nothing in this Act shall prevent any person who is a member of an approved society or a deposit contributor under this Part of this Act becoming a member of the same or any other society independently of this Act, or affect the right of an approved society to reject or expel from membership any person not being an insured person, or the rights or liabilities of an approved society or of any member thereof arising otherwise than under this Part of this Act; and, subject to the provisions of this Part of this Act, all rules made by an approved society or any branch thereof shall remain and be of the same force and effect as though this Act had not been passed:

Provided that where an insured person is a member of an approved society or a Post Office contributor under this Part of this Act, and is also a member of a society independently of this Act, and the sums payable to him by way of benefit under this Part of this Act, and independently of this Act, would exceed his wages or other remuneration, the benefits payable to him under this Part of this Act shall be reduced by the amount of the excess.

This clause seems to have been much misunderstood. What it amounts to really is that no person shall obtain the benefit of the State contribution of 2*d.* more than once. There is nothing to prevent any contributor paying a bigger subscription to his society than is required by the Bill, and the amount of such excess subscription will go towards further benefits than those payable under the Bill—only he must not pay so much that in the event of illness he will be entitled altogether to receive larger sick benefits than he would be receiving as wages were he well and at work—the latter proviso is, of course, to prevent placing a premium on “sickness.”

§ 28.*Accounts : Valuations : Surplus and Deficit.***28.** *Approved societies to keep proper accounts.*—

(1) Every approved society and every branch of an approved society must—

- (a) Keep its books and accounts under this Part of this Act separate from all other books and accounts of the society or branch, and in such form as may be prescribed by the Insurance Commissioners, and, when required, submit them to audit by auditors to be appointed by the Treasury;
- (b) Submit to have its assets and liabilities under this Part of this Act valued in accordance with the provisions of this Part of this Act;
- (c) In the event of a surplus or deficiency being shown upon any such valuation, comply with the provisions relating to surpluses and deficiencies hereinafter contained;
- (d) Render such returns as the Insurance Commissioners may prescribe.

(2) The provisions of this Part of this Act relating to accounts audit, valuation and returns shall as respects the transactions of any approved society or branch thereof under this Part of this Act be substituted for such of the provisions of any Act regulating the constitution of the society or branch as deal with the like matters.

29. *Valuations of approved societies.*—(1) A valuation of the assets and liabilities arising under this Part of this Act of every approved society and of every branch of an approved society shall be made by a valuer to be appointed by the Treasury at the expiration of every three years dating from the commencement of this Act, or at such other times as the Insurance Commissioners appoint.

(2) Every such valuation shall be made on such basis as may be prescribed: **§ 29.**

Provided that it shall be assumed for the purposes of such valuation—

- (a) that the approved society or branch liable to pay the proportion of the benefits administered by the society, and of the cost of the administration of those benefits which is payable out of the contributions payable by or in respect of the members, that is to say, *seven-ninths*, or in the case of women *three-fourths*, of such benefits and cost;
- (b) that the rate at which interest is to be calculated is *three per cent.* per annum.

30. Surplus.¹—(1) If upon any such valuation a surplus (certified by the valuer to be disposable) is found, the following provisions shall apply:—

- (a) If the society is a society with branches, the surplus shall, subject to the provisions of the next succeeding section of this Act, be applied in the first instance in making good any deficiency shown by any of its branches:

See clause 31 (1), whereby a society may, if it is satisfied that the deficiency is due to any maladministration on the part of the branch, refuse to make good the deficiency.

- (b) Subject as aforesaid, the society may submit to the Insurance Commissioners a scheme for distributing out of such surplus any one or more additional benefits among insured persons who are members thereof, and upon any such scheme being sanctioned by the Insurance Commissioners the society may distribute such additional benefit or benefits in accordance with the provisions thereof:

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For list of "additional benefits," see Part II. of the Fourth Schedule.

(c) If on the valuation of a branch of an approved society a surplus is shown in respect of such branch, there shall be transferred to the central body or other central authority of the society of which it is a branch *one half* of the surplus, and the branch may itself, or through the society, submit to the Insurance Commissioners a scheme for distributing out of the remaining *one half* of such surplus any one or more additional benefits, and upon any such scheme being sanctioned by the Insurance Commissioners, the branch may distribute such additional benefit or benefits in accordance with the provisions thereof:

(d) If at any time after a scheme submitted by a society has been so sanctioned as aforesaid there is found to be a deficiency in the funds of the society or of any of its branches which the society is required to make good, or if at any time after a scheme submitted by or on behalf of a branch has been so sanctioned as aforesaid there has been found to be a deficiency in the funds of the branch, no additional benefits shall be distributed under the scheme until such deficiency is extinguished and a surplus shown.

(2) A scheme made under this section may prescribe the conditions to be complied with as respects any additional benefit conferred by the scheme, and every such scheme shall so far as practicable provide for the reduction, suspension, or deprivation of the additional benefits conferred by the scheme in the case of members who are in arrears, and may make a corresponding reduction in the amount to which such members are to be deemed to

be in arrears for the purpose of reckoning the rate of sickness benefit. § 30.

31. Deficit.]—(1) If upon any such valuation a deficiency is found, the following provisions shall apply:—

- (a) If the deficiency is shown by a branch of an approved society, it shall, in the first place, so far as possible, be made good out of any surplus in the hands of the central body or other central authority of the society:

See clause 30 (1) providing for application in the first instance of any surplus of a society to make good any deficiency in any of its branches.

Provided that the society may, if it is satisfied that the deficiency is due to any maladministration on the part of the branch in question, with the consent of the Insurance Commissioners, refuse to make good the deficiency or any part thereof out of such surplus:

This proviso is of course only fair, and is intended as a check.

- (b) Subject as aforesaid, every deficiency shall be made good in accordance with a scheme for that purpose to be prepared by the society and submitted to the Insurance Commissioners for their sanction; such a scheme shall provide for making good the deficiency, within a period of three years from the date at which the valuation was made, in any one or more of the following ways:—

- (i) By a compulsory levy upon members of the society or branch being insured persons;
 (ii) By reducing the rate of sickness benefit or maternity benefit;

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(iii) By deferring the date as from which sickness benefit becomes payable;

(iv) By reducing the first or the second period of thirteen weeks during which sickness benefit is payable, or both such periods;

(v) By increasing the period which is required by this Part of this Act to elapse between two periods of disease or disablement to prevent the one being treated as a continuation of the other,

and on the sanction of the Insurance Commissioners being given to the scheme the society shall proceed to make good the deficiency in accordance therewith:

These provisions for reductions of benefits are most important. It is hoped in this way that it will be shown to be to the interest of every member of a society to prevent malingering. If it can thus be brought home to every member that the funds of his society are being wasted through other members wrongfully receiving some of the money which would otherwise come to *him*, and that when his turn comes to receive benefits, he will, as the result of the wrongdoing of his fellows, receive less than the benefits he would otherwise be rightfully entitled to, malingering should become so unpopular that it will be to the interest of all to prevent it.

(c) Payment of the amount of any compulsory levy made in accordance with a scheme sanctioned under this section may be enforced in such manner as may be provided by the rules of the society; and where those rules so provide it shall be lawful for the society in the case of any member to enforce payment of the amount of the levy by giving notice in the prescribed manner to the employer of such member requiring him to pay the amount of the levy, and upon such notice being given such amount shall be payable as if it were part of the contribution

§ 31.

to be made by the employer on behalf of the member, and all the provisions of this Part of this Act relating to the payment of such contributions shall apply accordingly:

- (d) If within six months after the declaration of a deficiency, or where an enquiry as to excessive sickness is pending under this Part of this Act, such longer period as the Insurance Commissioners determine, such scheme as aforesaid has not been submitted to and approved by the Insurance Commissioners, or if at any time thereafter it appears to the Insurance Commissioners that the society or branch to which the scheme relates is not enforcing the provisions of the scheme, the Insurance Commissioners may take over the administration of the affairs of the society or branch under this Part of this Act, and shall as soon as possible thereafter take such steps as they may think necessary to make good the deficiency by any or all of the methods mentioned in paragraph (b) of this section, and for that purpose they shall be entitled to exercise all or any of the powers given to the society by this section:
- (e) Any question or dispute arising between the Insurance Commissioners and the society in respect of the amount of the deficiency, or as to the adequacy of any scheme proposed for making it good, shall be decided by an independent valuer to be appointed by the Lord Chief Justice:
- (f) A scheme made under this section shall not affect any person who becomes a member of the society after the date as at which the valuation was made, or any member over seventy years of age:
- (g) Any member of the society, being an insured person, who is transferred to another society before the deficiency is made good, shall be liable to

§ 31.

any levy or reduction of benefits which may be made in respect of such deficiency in like manner in all respects as if he had not ceased to be a member.

(2) Any member liable to a levy payable at intervals may relieve himself of the liability thereto on payment to the Insurance Commissioners of the capitalised value thereof ascertained in the prescribed manner.

Deposit Insurance.

32. *Provisions as to deposit contributors.*—(1) Until Parliament otherwise determines, the following provisions shall apply in the case of insured persons (in this Act referred to as deposit contributors) who, being employed contributors, have not joined an approved society within the prescribed time, or who, having been members of an approved society, have been expelled therefrom and have not joined another approved society:—

Aliens will have to become deposit contributors, but, of course, under the special provisions in regard to aliens set forth in clause 35.

- (a) Contributions by or in respect of a deposit contributor shall be credited to a special fund to be called the Post Office fund:
- (b) The sums required for the payment of any sickness, disablement, or maternity benefit payable to a deposit contributor, except so far as they are payable out of moneys provided by Parliament, shall be paid out of the money standing to his credit in the Post Office Fund, and his right to benefits under this Part of this Act shall be suspended on the sums standing to his credit in that fund being exhausted, except that his right to medical benefit and sanatorium benefit shall

continue until the expiration of the then current year:

§ 32.

In other words, the scheme, so far as deposit contributors are concerned, is scarcely an "insurance" scheme! It is compulsory thrift, and the depositor gets his own money back, together with his employer's and the State's contributions. When these amounts are exhausted he gets nothing more, except "medical benefits" until the expiration of the then current year.

- (c) A deposit contributor shall not be entitled to sickness benefit unless at least fifty-two weekly contributions have been paid by or in respect of him:

This is as against twenty-six weeks in the case of society members. (Clause 8 (7) (b).) By clause 8 (7) (a) no insured person (which of course includes deposit contributors) is entitled to medical benefit during the first six months after the commencement of the Act.

- (d) Such sum as may be prescribed shall in each year be payable in respect of each deposit contributor towards the expenses incurred by the local Health Committee in the administration of benefits:

- (e) Such sum as the local Health Committee may, with the consent of the Insurance Commissioners, determine shall in each year be payable in respect of each deposit contributor for the purposes of the cost of medical benefit:

The doctors are to be paid by the local Health Committee in respect of deposit contributors. Surely it would simplify matters if these Health Committees were given power to make arrangements for medical benefits in respect of *all* contributors; and this plan would also meet one of the chief objections of the doctors.

- (f) The sums payable in respect of a deposit contributor for the purposes of medical benefit and sanatorium benefit, and towards the expenses of

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administration, shall, except so far as they are payable out of moneys provided by Parliament, be deducted at the commencement of each year from the amount standing to his credit in the Post Office fund:

- (g) The amount standing in the Post Office fund to the credit of any deposit contributor shall, upon his dying, be forfeited.

(2) A valuation of the Post Office fund shall be made by a valuer to be appointed by the Treasury at the expiration of every three years dating from the commencement of this Act, or at such other times as the Insurance Commissioners may appoint, and if the valuer certifies that the fund shows a disposable surplus the Insurance Commissioners may carry the surplus to the credits of the deposit contributors in proportion to the number of contributions paid by, or in respect of, them respectively:

Provided that if the local Health Committee for any county or county borough in which more than twenty per cent. of the insured persons resident in the county or county borough are deposit contributors makes an application for the purpose, the Insurance Commissioners shall make provision—

- (a) for crediting and debiting to a separate account the sums to be credited or debited under this Part of this Act in respect of deposit contributors resident in the county or county borough; and
- (b) for a separate valuation being made of such account and for distributing any surplus found on such valuation to be disposable amongst the depositors resident in the county or county borough, who shall not be entitled to participate in any distribution of any surplus in the general Post Office fund.

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33. *Transfer from approved society to deposit insurance and vice versâ.*—(1) If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and fails to become a member of another approved society, then

- (a) if he becomes a deposit contributor, his transfer value shall be carried to his credit in the Post Office fund: Provided that if a reserve value is credited to the society in respect of him, that reserve value shall be cancelled and the difference between the transfer value and the reserve value shall be carried to the credit of the deposit contributor;
- (b) if he does not become a deposit contributor, his transfer value shall be carried to such account and dealt with in such manner as may be prescribed.

(2) If an insured person who is a deposit contributor subsequently becomes a member of an approved society for the purposes of this Part of this Act, there shall be transferred to the society the amount standing to his credit in the Post Office fund:

Provided that—

- (a) if that amount exceeds the value of the contributions paid by or in respect of him estimated on the assumption that he had been a member of an approved society since his entry into insurance, the excess shall not be transferred to the society but shall be carried to the credit of the Post Office fund;
- (b) if that amount is less than such value the insured person shall be treated as being in arrear to the amount of the deficiency.

§ 34.*Provisions as to Special Classes of Insured Persons.***34.** *Special provisions with respect to married women.*]

—(1) Where a woman who, having before marriage been an insured person, marries, and is supported by her husband, she shall, unless she continues to be employed within the meaning of this Part of this Act, be suspended from receiving any benefits under this Part of this Act until the death of her husband, and if she is a member of an approved society any sums credited to the society in respect of her, calculated in the prescribed manner, shall be carried to such account and dealt with in such manner as may be prescribed, but if at any time after such death she again becomes employed within the meaning of this Part of this Act, the period between her marriage and the expiration of one month from death of her husband shall be disregarded for the purpose of reckoning arrears:

Provided that where such married woman again becomes employed within the meaning of this Act before such death contributions shall thereupon again become payable in respect of her, and she shall cease to be suspended from receiving benefits, but the period between her marriage and the time when she so again becomes employed shall be disregarded for the purpose of reckoning arrears.

The provisions in the Bill respecting women are strongly objected to by many women. A deputation from women workers' organizations waited on the Chancellor of the Exchequer to urge upon him that the Bill operated unfairly on women as compared with men. He contended that the Treasury found that the liability was heavier than the contributions of women. It is only married women who do not go out to work who will not be insured. If this class were insured it would be practically impossible to check their claims for sickness benefits. The whole of the money contributed by women will go into a "women's fund." Mr. Lloyd George thinks that women are actually better treated than the men.

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(2) Where a woman who was a married woman living with and supported by her husband at the commencement of this Act at any time subsequently either before or within one year after the death of her husband becomes an employed contributor and a member of an approved society, she shall be entitled to full benefits notwithstanding that at the time of so becoming she is over the age of sixteen.

This is a most valuable provision in favour of working women. It enables an elderly woman when she is left a widow and goes out to work, to obtain the same benefits as she would be entitled to were she very many years younger at not greater subscription. The great advantage of this sub-section seems to have been overlooked by the women critics of the Bill.

(3) Where any arrears of contributions have accrued due in respect of a married woman during coverture such arrears shall, on the death of her husband, be disregarded and she shall be thenceforth entitled to benefits as if such arrears had never accrued due.

(4) A married woman shall not be entitled to become a voluntary contributor, and if a woman is before marriage a voluntary contributor she shall on marriage not be entitled to continue to be such a contributor.

Does this sub-section mean that she will thus lose all she has contributed? I think words should be added making the effect clear.

(5) Save as aforesaid, the provisions of this Part of this Act shall apply to a woman who has been married, both during and after coverture, in like manner as if she had never been married.

(6) This section shall apply in the case of a woman who is legally separated from her husband by divorce or otherwise as if her husband had died at the date at which such separation took effect.

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This sub-section is also in favour of women. It will doubtless have the effect of inducing more women to apply to magistrates for separation orders under the Summary Jurisdiction Act.

35. *Special provisions as to aliens.*—(1) This Part of this Act shall apply to persons over the age of sixteen at the date of entry into insurance who are not British subjects, subject to the following modifications:—

- (a) No such person shall be qualified to become a member of an approved society for the purposes of this Part of this Act;
- (b) No part of the benefits to which such persons may become entitled shall be paid out of moneys provided by Parliament;
- (c) The rate of sickness, disablement, and maternity benefit shall be reduced, in the case of men, to *seven-ninths*, or in the case of women to *three-quarters*, of the rate to which they would otherwise be entitled under this Part of this Act;
- (d) No part of the sums payable in respect of such persons for medical benefit and sanatorium benefit or towards the expenses of administration of benefits shall in the case of such persons be paid out of moneys provided by Parliament.

Put briefly, it comes to this: all “employed” aliens must subscribe, and their employers will also have to subscribe, just as if they were British subjects, but the State’s contribution of 2*d.* will not be paid in respect of them.

(2) For the purposes of this section a widow who, having been a British subject before marriage, has ceased to be a British subject by reason of marriage with a person not being a British subject, shall be deemed to be a British subject.

(3) This section shall not apply to any person who is transferred to an approved society or the Post Office fund

in pursuance of an arrangement with the Government of any foreign State.

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See clause 26.

36. *Special provisions with regard to persons in the naval and military service of the Crown.*—(1) There shall be deducted from the pay of every seaman and marine within the meaning of the Naval and Marine Pay and Pensions Act, 1865, and of every soldier of the regular forces (other than His Majesty's Indian forces and the Royal Malta Artillery) the sum of *twopence* a week, *and there shall be contributed by the Admiralty and the Army Council respectively in respect of every such seaman, marine, and soldier, out of moneys provided by Parliament for army and navy services such sum per week as may be prescribed*: Provided that this provision shall not apply to a seaman, marine, or soldier who has re-engaged for pension unless he so elects.

“such sum per week as may be prescribed.”—It is difficult to see why this sum should not be fixed in the Bill. The State's contribution is fixed in the cases of other contributors, why not in the case of soldiers and sailors? There is a very general feeling that this class is not being treated as generously as other contributors.

(2) The sums so deducted and the contributions so made shall be paid to the Insurance Commissioners, and by them carried to a separate account, and there also shall be credited to that account—

- (a) in the case of a seaman, marine, or soldier serving at the commencement of this Act (other than those who have re-engaged for pension), the reserve values of such seamen, marines, and soldiers;
- (b) in the case of a seaman, marine, or soldier who has, before his entry or enlistment, been insured under this Part of this Act, and paid contribu-

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tions thereunder, the amount which would have been credited to an approved society had he been transferred to such a society;

- (c) *two-ninths* of the amount calculated in the prescribed manner which would be payable from year to year in respect of benefits (including expenses of administration) to seamen, marines, and soldiers from whose pay deductions are made under this section had they been members of approved societies, and had been employed within the meaning of this Part of this Act.

(3) On the discharge of a seaman, marine, or soldier, from whose pay deductions continue to be made up to the date of his discharge there shall be debited to the said separate account and credited to the approved society of which he is or becomes a member, or if he is not and does not become a member of such a society within the prescribed time from his discharge, there shall be carried to his credit in the Post Office fund the transfer value which would have been payable in respect of him had he been a member of an approved society during his period of service and the contributions payable in respect of him during that period had been paid in full:

Provided that if he proves to the satisfaction of the Insurance Commissioners that he has been unable to obtain admission to an approved society on account of the state of his health he shall, instead of becoming a deposit contributor, become entitled to benefits under such scheme as is herein-after mentioned.

(4) The Insurance Commissioners may, after consultation with the Admiralty and Army Council, prepare a scheme for conferring on persons who, having been seamen, marines or soldiers, prove to the satisfaction of the Insurance Commissioners that they have been unable to obtain admission to approved societies on account of the state of their health, sickness and disablement benefit at the rate of *five shillings* a week, and for the administra-

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ion of those benefits, and for the payment of such benefits out of the said separate account, and for carrying to that account any contributions payable under this Part of this Act by or in respect of such persons, and this Part of this Act shall apply to the persons to whom any such scheme applies subject to the provisions of the scheme:

Provided that—

(a) *there shall be repaid to the account, out of moneys provided by Parliament, two-ninths of the sums expended on such benefits;*

(b) if a person who having re-engaged for pension is invalided without a pension or with a pension of less than *five shillings* a week, he shall (whether or not deductions have continued to be made from his pay up to the date of his discharge) be entitled to benefits under the scheme with this qualification that if he is in receipt of pension he shall be only entitled to such benefit as would with his pension amount to *five shillings* a week.

(5) This section shall, subject to such adaptations and modifications as may be prescribed, apply to men belonging to the Fleet Reserve when called out on actual service, and to any men of the Army Reserve when called out on permanent service or to men of the Territorial Force when called out on embodiment.

(6) Where a man of the Fleet Reserve, the Army Reserve, or the Territorial Force is called out for training, he shall for the purposes of this Part of this Act be deemed whilst so called out to be in the employment of the Crown.

37. *Application to other persons in the service of the Crown.*—This Part of this Act shall apply to persons employed by or under the Crown, other than those with respect to whom special provision is made by this Part

§ 37. of this Act, in like manner as if the employer were a private person:

Provided that in the case of a person employed in the private service of the Crown, the head of the department of the Royal Household in which he is employed shall be deemed to be his employer.

Apart from soldiers and sailors the other servants of the Crown are to be treated in the same way as any other contributor.

38. *Application to young persons under sixteen.*—In the case of an insured person under the age of sixteen no part of the contributions payable by or in respect of him above the sum of *four shillings and eightpence* (or in the case of a girl *four shillings and sixpence* a year) shall be credited to the society of which he is a member, or if he is a deposit contributor, carried to his credit in the Post Office fund, and in the latter case that sum alone shall be payable out of his account to the local Health Committee towards the expenses of the benefits to which he is entitled and the cost of the administration thereof.

Boys and girls under the age of sixteen will only be entitled to the medical benefits, including sanatorium treatment. The balance of their contributions are to be accumulated and utilized in this way in order to hasten the time when the whole scheme can be extended.

Financial Provisions.

39. *National Health Insurance Fund.*—(1) All sums received in respect of contributions under this Part of this Act and all sums paid out of moneys provided by Parliament under this Part of this Act in respect of the benefits thereunder and the expenses of administration of such benefits shall be paid into a fund, to be called the National Health Insurance Fund, under the control and

management of the Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and local Health Committees for the purposes of the benefits administered by them and the administration of such benefits shall be paid out of that fund.

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(2) The sums payable to the said fund out of moneys provided by Parliament shall be paid in such manner and at such times as the Treasury may determine.

(3) Any moneys forming part of the said fund may be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorised by Parliament as investments for Savings Banks funds, but those Commissioners shall in making the investment give preference to stock or bonds issued under the provisions of the Acts relating to borrowing for raising capital for the purposes of the local loans fund where the purposes for which such capital is required is the making of advances for the purposes of the Housing of the Working Classes Acts, 1890 to 1909.

(4) The accounts of the National Health Insurance Fund shall be audited in such manner as the Treasury may direct.

(5) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

40. Reserve values.]—(1) The Insurance Commissioners shall cause tables to be prepared showing, in cases in which such provision is necessary, the capital sums (in this Part of the Act referred to as “reserve values”) which it is necessary to provide in respect of members entering into insurance at ages above the age of sixteen to meet the estimated loss (if any) arising through the acceptance of such persons as members upon the terms

§ 40. and conditions as regards contributions and benefits prescribed by this Act.

(2) On a person above the age of sixteen joining an approved society there shall be credited to the society the reserve value (if any) appropriate to such persons in accordance with such tables.

The sums so credited to a society in respect of reserve values shall carry interest at the rate of *three per centum* per annum.

(3) Out of each weekly contribution payable by or in respect of an insured person who is a member of an approved society there shall be retained by the Insurance Commissioners the sum of *one penny and five ninths* (or in the case of women *one penny halfpenny*), and the amounts so retained shall, together with any other moneys available for the purpose, be accumulated so as to provide the funds necessary for meeting the liabilities of the Insurance Commissioners to approved societies in respect of the reserve values created by this section, and the balance of such contributions shall be credited to the approved society.

In reply to an inquiry, the Chancellor of the Exchequer has pointed out that the Insurance Commissioners will be responsible for the investment of moneys, standing to the credit of the societies, which are not immediately required for the payment of benefits and administration expenses. The fact that the investments under the Bill are centralized makes it possible to adopt a simple method of valuation upon a uniform basis of 3 per cent. This arrangement avoids the complication which would be involved by allowing local investments at varying rates of interest in local securities which would require close supervision and periodical revaluation.

Moreover, as the liabilities in respect of older lives are incurred at the cost of the whole of the insurance under clause 40 (2) of the Bill, it has not been considered desirable to allow individual societies to invest moneys which might be required to meet those liabilities.

Societies administering the State scheme will receive advances from time to time from the amounts standing to their credit for

the payment of benefits and the cost of administration under the Bill. The societies are not required to make any sacrifice of their existing funds for the purpose of the State scheme.

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Insurance Commissioners: Advisory Committee.

41. *Constitution of Insurance Commissioners, appointment of inspectors, &c.*—(1) As soon as may be after the passing of this Act there shall be constituted for the purposes of this Part of this Act Commissioners (to be called the Insurance Commissioners), with a central office in London, and with such branch offices as the Treasury may think fit, and the Commissioners shall be appointed by the Treasury.

The number of the Commissioners is not fixed, nor the amount of salary to be paid them. The doctors are very anxious that they shall have a representative as one of the Commissioners. At his interview with the representatives of the medical profession Mr. Lloyd George did not hold out any hope of this, but seemed to think they ought to be represented on the Advisory Committee. He said:—

“I think it would be undesirable at this stage that we should finally determine the number of the Commissioners. We must have a medical expert on the body. My own view at the present moment is that the Insurance Board ought to be a small body. It will be a judicial body. It ought not to be a body to hold discussions and debates, but it ought to be a small body of efficient administrators—in fact, the smaller that body, I think, the better, consistently with getting men who are more or less in contact with different views of health, or rather, with the different aspects of health. But what is still more important for you is that you should get an adequate representation on the Advisory Committee. That is the body that will advise the Commissioners upon the way they should deal with all questions. That is where I think you ought to get an adequate representation of your profession.”

(2) The Insurance Commissioners may appoint such officers, inspectors, referees, and servants, for the purposes of this Part of this Act as the Commissioners, subject to the approval of the Treasury as to number, may

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determine, and there shall be paid out of moneys provided by Parliament to the Commissioners and to such officers, inspectors, referees, and servants, such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Treasury or the Commissioners in carrying this Part of this Act into effect, to such extent as the Treasury may sanction, shall be defrayed out of moneys provided by Parliament.

(3) The Insurance Commissioners may empower any such inspector to exercise in respect of any approved society or any branch of an approved society all or any of the powers given by section seventy-six of the Friendly Societies Act, 1896, to an inspector appointed thereunder:

Provided, that any complaint or report as to any such branch as aforesaid made by an inspector under this subsection shall be communicated to the central body or other central authority of the society.

42. Appointment of Advisory Committee.]—The Insurance Commissioners shall as soon as may be after the passing of this Act appoint an Advisory Committee for the purpose of giving the Insurance Commissioners advice and assistance in connection with the making and altering of regulations under this Part of this Act, consisting of representatives of associations of employers and approved societies, and of such other persons as the Commissioners may appoint.

The number of members of this Advisory Committee is not mentioned, nor is it stated if they are to be paid, and if so, how much.

The doctors are very anxious to have representatives on this Committee, and Mr. Lloyd George has promised them that they shall be represented. When asked whether they would be allowed to choose these representatives in the same way that the ship-owners had done in framing regulations under the Merchant Shipping Acts, Mr. Lloyd George said he proposed to follow exactly the precedent which he set there, which was that they could not allow absolute nominations on a Government Board, but

as a matter of fact they accepted them. The medical men would send in the names of those they select, and unless there was some objection, which was inconceivable, they would always accept them, but they could not get men there sitting merely as delegates of the medical profession or of any interest. They were coming there not to represent the medical profession, but to advise the Government on behalf of the medical profession, which was a very different thing.

Local Health Committees.

43. *Appointment of local Health Committees.*—(1) A local Health Committee shall be constituted for every county and county borough.

It is not stated whether members of the local Health Committees are to be paid, and if so, what salary they are to receive.

(2) Such number of the members of the committee as the Insurance Commissioners, having regard to the circumstances of each case, determine, but in no case less than nine or more than eighteen, shall be appointed—

(a) As to one third thereof (which shall consist wholly or in part of members of the local sanitary authorities) by the county council or the council of the county borough:

(b). As to one third thereof by such approved societies as have members resident in the county or county borough who are insured persons, or, if such societies cannot agree upon the appointment, by the Insurance Commissioners:

(c) As to the remaining one third thereof by any association of deposit contributors resident in the county or county borough which may have been formed under regulations made for that purpose by the Insurance Commissioners; provided, that if no such association has been formed, such one third shall, subject to the approval of the Insurance Commissioners, be appointed by the

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other members of the committee, or in default by the Insurance Commissioners, from amongst, so far as practicable, such deposit contributors as aforesaid.

The Labour Party is not satisfied with this proposed constitution of the local Health Committee. They would prefer to see it constituted as follows:—

(1) The local insurance authority shall be:—(a) In a county borough, the council of the borough; (b) in an administrative county, except as hereinafter provided, the county council; (c) in a non-county borough or urban district entitled to be a pensions authority under the Old Age Pensions Act, 1908, or an authority for the purposes of Part III. of the Education Act, 1908, the council of the borough or urban district.

(2) Every local insurance authority shall appoint an insurance committee, consisting partly of members of the council and partly of non-members, in such numbers as the council may determine; provided (a) that the number of non-members of the council shall not exceed one-third of the total number of the committee; (b) that such non-members shall be chosen by the council from among members of approved societies resident within the area of the council after nominations by such societies have been invited by the council; and (c) that such non-members shall include at least two women.

(3) All matters relating to the exercise by the local insurance authority of powers under this Act shall stand referred to the insurance committee.

(3) Any members appointed by the Insurance Commissioners under paragraph (b) of the last preceding subsection shall be appointed from among insured persons resident in the county or county borough who are members of approved societies, and in making such appointments regard shall be had to the desirability of securing that, so far as practicable, this representation of the several societies should correspond to the number of such insured persons who are members thereof.

(4) The Insurance Commissioners may, in any case where it may be desirable to do so, by regulations vary the proportions in which the county council or borough

council, the approved societies, and the deposit contributors respectively are entitled to appoint members of the committee, but any such regulations shall be laid before Parliament as soon as may be after they are made.

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“laid before Parliament.”—This is a very proper provision, and should be followed in other cases where the Commissioners are given powers to vary the regulations contained in the Bill.

(5) The remaining members of the committee, not exceeding in number one fourth of the members appointed in manner aforesaid, shall be appointed by the Insurance Commissioners, but so that at least two of the members so appointed shall be duly qualified medical practitioners.

The doctors are not satisfied with this clause. They contend that it gives them too small a voice on the committees.

(6) The Insurance Commissioners may make regulations as to the appointment, quorum, term of office, and proceedings generally, of the committee, and the use by the committee, with or without payment, of any offices of a local authority, and any such regulations may provide for the appointment of auxiliary committees consisting wholly or partially of members of the committee, and for the powers and duties of any such auxiliary committee.

(7) Any local Health Committee may, and shall if so required by the Insurance Commissioners, combine with any one or more other local Health Committees for all or any of the purposes of this Part of this Act, and where they so combine the provisions of this Part of this Act shall apply with such necessary adaptations as may be prescribed.

44. *Powers and duties of local Health Committees.*

—(1) The local Health Committee of a county or county

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borough shall, in addition to the other powers and duties imposed or conferred on it by this Part of this Act, have the following powers and duties:—

- (1) It shall consider generally the needs of the county or county borough with regard to all questions of public health, and may make such reports and recommendations with regard thereto as it may think fit;
- (2) It shall make such provision for the giving of lectures and the publication of information on questions relating to health as it thinks necessary or desirable.

Clause 17 makes it “lawful for an approved society to grant” subscriptions to hospitals, &c. Should not this power be also extended to local Health Committees?

(2) For the purpose of assisting local Health Committees in the exercise and performance of their powers and duties under this Part of this Act the medical officer of health for the county or county borough may, at the request of the committee, attend meetings of this committee and give such advice and assistance as is in his power.

45. *Income.*—(1) All sums available for sanatorium benefit in a county or county borough, and all sums payable in respect of deposit contributors so resident for the purposes of medical benefit and administrative expenses in any year, shall be paid or credited to the local Health Committee at the commencement of that year.

(2) There shall also be paid to the local Health Committee in every year by each approved society having members who are insured persons resident in the county or county borough, in respect of each such member, the sum of *one penny* towards the administrative expenses of the committee:

Provided that if the special circumstances of any county are such that the Insurance Commissioners consider that the travelling expenses of the members of the committee should be repaid to them by the committee, the Insurance Commissioners may authorise such repayment, and in such case may increase the said sum of *one penny* to such sum, not exceeding *twopence*, as they may determine.

(4) Proper books and accounts shall be kept in the prescribed form by the local Health Committee, and shall when required be submitted to an audit by auditors to be appointed by the Treasury, and shall render to the Insurance Commissioners such returns as may be prescribed.

(5) It shall be lawful for any local authority, out of any fund or rate out of which the expenses of the authority are payable, to subscribe such sums as it may think fit towards the general purposes of the local Health Committee.

This is an exceedingly wide provision! Is there to be no limit to this power of local authorities?

Excessive Sickness.

46. *Power to approved societies and local Health Committees to demand inquiries into causes of excessive sickness, &c.*—(1) Where it is alleged by any approved society or local Health Committee that the sickness which has taken place among insured persons for the administration of whose sickness and disablement benefits the society or committee is responsible, is excessive, and that such excess is due to the conditions or nature of employment of such persons, or to bad housing or insanitary conditions in any locality, or to a defective or contaminated water supply, or to the neglect on the part of any person or authority to observe or enforce the provisions of any Act relating to the health of workers in factories,

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workshops, mines, quarries, or other industries, or relating to public health, or the housing of the working classes, or any regulations made under any such Act, or to observe or enforce any public health precautions, the society or committee making such allegation may apply to the Secretary of State or the Local Government Board, as the case may require, for an inquiry, and thereupon the Secretary of State or Local Government Board may appoint a competent person to hold an inquiry.

This clause seems to open up a vista of costly litigation and inquiries. The remedy for many of the evils here aimed at is already in existence, and the result of this clause may be endless friction between established bodies and the Secretary of State or the Local Government Board. The provisions of this clause must in any event add very largely to the administration of the scheme.

(2) If upon such inquiry being held it appears to the person holding the inquiry that the amount of such sickness has

- (i) during a period of not less than three years before the date of the inquiry; or
- (ii) if there has been an outbreak of any epidemic, endemic or infectious disease, during any less period;

been in excess of the average expectation of sickness by more than ten per cent., and that such excess was in whole or in part due to any such cause as aforesaid, the amount of any extra expenditure found by the person holding the inquiry to have been incurred under this Part of this Act by the society or committee in question by reason of such cause shall be ordered by him to be made good in accordance with the following provisions:—

- (a) Where the excess or such part thereof as aforesaid is due to the conditions or nature of the employment or to any neglect on the part of any employer to observe or enforce any such Act or

regulation as aforesaid, it shall be made good by the employer:

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(b) Where such excess or such part thereof as aforesaid is due to bad housing or insanitary conditions in the locality, or to any neglect on the part of any local authority to observe or enforce any such Act or regulation as aforesaid, it shall be made good by such local authority as appears to the person holding the inquiry to have been in default:

(c) Where the excess or such part thereof as aforesaid is due to an insufficient or contaminated water supply, it shall be made good by the local authority or company by which the water is supplied, or which having imposed upon it the duty of affording a water supply has refused or neglected to do so.

“ten per cent.”—This seems rather a low increase above the “average expectation of sickness” (in itself rather a vague quantity!) on which to base these penalties.

(3) Where any such inquiry as aforesaid is held in respect of bad housing or insanitary conditions in any locality, it shall be lawful for the local authority to serve notice upon the owner or occupier of any premises which are the subject-matter of the inquiry, and where it is proved that such a notice has been served and that any such extra expense as aforesaid, or any part thereof, has been caused by the act or default of such owner or occupier, the person holding the inquiry may order the owner or occupier to repay to the local authority the amount of the extra expenditure or part thereof which has been so caused.

(4) For the purpose of this section the average expectation of sickness shall be calculated in accordance with the tables prepared by the Insurance Commissioners for

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the purpose of valuations under this Part of this Act, but any excessive sickness attributable to any disease or disablement which is or is due to any disease or injury in respect of which damages or compensation are payable under the Employers' Liability Act, 1880, or the Workmen's Compensation Act, 1906, or at common law, shall not be taken into account.

(5) A person holding an inquiry under this section shall have all such powers as an inspector of the Local Government Board has for the purposes of an inquiry under the Public Health Acts, and shall have power to order how and by what parties costs, including such expenses as the Secretary of State or Local Government Board may certify to have been incurred by them, are to be paid, and an order made by such person under this section may by leave of the High Court be enforced in the same manner as a judgment or order of the Court to the same effect:

Provided that a society or committee shall not be ordered to pay the costs of the other party to the inquiry if the person holding the inquiry certifies that the demand for an inquiry was reasonable under the circumstances, and when he so certifies the Treasury may repay to the society or committee the whole or any part of the costs incurred by it.

The "person holding an inquiry" is given very large powers, and there is no provision for any appeal against his award. Words giving leave to appeal against his decisions should certainly be inserted in the Bill.

(6) Without prejudice to any other method of recovery, any sum ordered under this section to be paid by a local authority may, in accordance with the regulations of the Local Government Board with the approval of the Treasury, be paid out of the Local Taxation Account and deducted from any sums payable either directly or indirectly out of that account to the local authority.

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(7) For the purposes of this section any expenditure on any benefit administered by a local Health Committee shall be deemed to be expenditure of that committee, but any sums ordered to be paid to any such committee under this section to meet extra expenditure on sickness benefit or disablement benefit shall be dealt with for the benefit of deposit contributors in accordance with regulations made by the Insurance Commissioners.

Supplementary Provisions.

47. Erection of sanatoria, &c.]—(1) If under any other Act of the present session any sum is made available for the purposes of the provision of sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board with the approval of the Treasury may appoint, such sum shall be distributed by the Local Government Board with the consent of the Treasury in making grants for those purposes.

(2) If any such grant is made to a county council, the Local Government Board may authorise the county council to provide any such institution, and where so authorised the county council shall have power to erect such buildings and to do all such things as may be necessary for the purpose, and any expenses of the county council, so far as not defrayed out of the grant, shall be defrayed out of the county fund.

(3) For the purpose of facilitating co-operation amongst county councils, county borough councils, and other local authorities for the provision of such sanatoria and other institutions as aforesaid, the Local Government Board may by order make such provisions as appear to them necessary or expedient by the constitution of joint committees, joint boards, or otherwise, for the joint exercise by such councils and authorities of their powers in relation thereto, and any such order

§ 47. may provide how, in what proportions, and out of what funds or rates the expenses of providing such institutions, so far as they are not defrayed out of grants under this section, are to be defrayed, and may contain such consequential, incidental, and supplemental provisions as may appear necessary for the purposes of the order, and an order so made shall be binding and conclusive in respect of the matters to which it relates.

In the grouping under (3) it has been suggested that Wales should be made the unit for purposes of administration, on the ground that such an arrangement would make for efficiency and economy.

It would be well to make provision for making use of the existing sanatoria throughout the country which are already actively engaged in fighting consumption.

48. *Power to Insurance Office to make regulations, &c.*—The Insurance Commissioners may make regulations for any of the purposes for which regulations may be made under this Part of this Act or the schedules therein referred to, and for prescribing anything which under this Act or any such schedules is to be prescribed, and generally for carrying this Act into effect, and any regulations so made shall have effect as if enacted in this Act.

Very wide powers are here given to the Commissioners, and there seems to be no check, even by the Treasury, much less by Parliament.

49. *Determination of questions by Insurance Office.*—If any question arises—

- (a) as to whether a person is liable to become insured under this Part of this Act as being a person employed within the meaning of this Act; or
- (b) as to the rate of contributions payable by or in respect of any insured person; or

- (c) as to the rates of contributions payable in respect of an employed contributor by the employer and the contributor respectively;

the question shall be determined by the Insurance Commissioners, in accordance with regulations made by them for the purpose. Provided that—

- (i) if any person feels aggrieved by the decision of the Insurance Commissioners on any question arising under paragraph (a), he may appeal therefrom to the county court, with a further right of appeal upon any question of law to such judge of the High Court as may be selected for the purpose by the Lord Chancellor and the decision of that judge shall be final;
- (ii) the regulations of the Insurance Commissioners may provide for questions under paragraph (b) being determined, in the case of any person who is or is about to become a member of an approved society, by the society.

“by the society.”—It seems curious that the society may be the only judge as to the reasonableness of the rate fixed by itself.

50. Disputes.]—(1) Every dispute between—

- (a) An approved society or a branch thereof and an insured person who is a member of such society or branch or any person claiming through him;
 - (b) An approved society or branch thereof, and any person who has for not more than six months ceased to be a member for the purposes of this Part of this Act of such society or branch, or any person claiming through him;
 - (c) An approved society and any branch thereof;
 - (d) Any two or more branches of an approved society,
- relating to anything done or omitted by such insured

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person, society, or branch (as the case may be) under this Part of this Act or any regulation made thereunder, shall be decided in the first instance in accordance with the rules of the society, but any party to such dispute may appeal from such decision in the prescribed manner to the Insurance Commissioners.

(2) Every dispute between a deposit contributor and the local Health Committee, relating to anything done or omitted by such contributor or the local Health Committee under this Act, or any regulation made hereunder, shall be decided in the prescribed manner by the Insurance Commissioners.

(3) The Insurance Commissioners may authorise referees appointed by it to decide any appeal or dispute submitted to the Insurance Commissioners under this section.

(4) The Insurance Commissioners may make regulations as to the procedure on any such appeal or dispute, and such regulations may apply any of the provisions of the Arbitration Act, 1889, but, except so far as it may be so applied, the Arbitration Act, 1889, shall not apply to proceedings under this section, and any decision given by the Insurance Commissioners or a referee under this section shall be final and conclusive.

51. *Distress, execution, &c. to be illegal in certain cases.*—(1) It shall not be lawful during any period when an insured person is in receipt of sickness benefit, or during the fourteen days immediately following that period, for any person to levy any distress or execution upon any goods or chattels belonging to such insured person and being on premises occupied by him, or to take any proceedings in ejectment or for the recovery of any rent or to enforce any judgment or ejectment against such insured person; and any person levying or attempting to levy any such distress or execution or enforcing or attempting to enforce any such judgment,

shall be liable on summary conviction to a fine not exceeding *fifty pounds*.

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This clause has naturally aroused the resentment of landlords and others. Under it a landlord may not take any steps to recover the rent due to him if his tenant is in receipt of sickness benefit for so long a period in extreme cases of over a year—and after then his chance of recovering all these arrears would most probably be very remote.

If it is felt by Parliament that such an “additional benefit” (in addition to the money and medical benefits which contributors are entitled to under the Bill) is desirable, surely such relief should be given out of the funds created by the scheme, and not out of the pocket of a landlord, who himself may be a poor man, and who, moreover, all this time would himself be liable for ground rent, rates, taxes, and repairs.

“or execution upon any goods.”—It is not only landlords who are to be hit by this clause. These words will prevent any other creditor from enforcing a judgment he may have against the person who is in receipt of sickness benefit.

(2) It shall be lawful for the judge of the county court upon application made on behalf of the insured person *ex parte* for that purpose, from time to time to extend the period during which the provisions of the last preceding subsection are to be applicable, upon being satisfied that the levying of any such distress or execution or the taking of any such proceedings or the enforcement of any such judgment would endanger the life of the insured person, and any order granting such extension shall not be subject to appeal:

Provided that such period shall not be extended for more than twelve months from the date when the right to levy the distress or execution or to take the proceedings or enforce the judgment arose, unless proper security be given for payment of the rent thereafter to become due from the insured person, or the amount of the judgment debt, as the case may be.

52. *Offences.*]—(1) If for the purpose of obtaining

§ 52. any benefit or payment under this Part of this Act, either for himself or for any other person, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months with or without hard labour.

See clause 55, by which if a person obtains any payments or benefits under the Act without being lawfully entitled thereto, he is made liable to repay the amount of such benefit. Are these two clauses to be read together? If so, words accordingly should be inserted.

(2) If any employer has failed to pay any contributions which under this Part of this Act he is liable to pay in respect of an employed contributor, or if any such employer or insured person, or any other person is guilty of any other contravention of or non-compliance with any of the requirements of this Act or the regulations made thereunder in respect of which no special penalty is provided, he shall for each offence be liable on summary conviction to a fine not exceeding *ten pounds*, and where the offence is failure or neglect on the part of the employer to make any such contributions, to pay to the Insurance Commissioners a sum equal to the amount of the contributions which he has so failed or neglected to pay, which sum when paid shall be treated as a payment in satisfaction of such contributions:

Provided that no person shall be liable to any penalty in respect of any matter if he has acted in conformity with any decision in respect thereto by the Insurance Commissioners.

53. *Civil proceedings against employer for neglecting to pay contributions.*—(1) Where an employer has failed or neglected to pay any contributions which under this Part of this Act he is liable to pay in respect of a person being a member of an approved society in his employ-

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ment, and by reason thereof that person has been deprived in whole or in part of his right to any benefits which would otherwise have been payable to him, he shall be entitled to take proceedings against the employer for the value of the right of which he has been so deprived, and in any such proceedings the employer may be ordered to pay to the Insurance Commissioners a sum equal to the value so ascertained, which sum when paid shall be carried to the credit of the society of which such person is a member, and thereupon such person shall thenceforth be entitled to receive from the society benefits at the same rate as he would have been entitled to had the contributions been properly paid, together with the difference between the amount of the benefits (if any) he has actually received and the benefits he would have received had the contributions been properly paid.

(2) Proceedings may be taken under either this or the last preceding section notwithstanding that proceedings have also been taken under the other section in respect of the same failure or neglect to pay contributions.

54. *Repayment of benefits improperly paid.*—If it is found at any time that a person has been in receipt of any payment or benefit under this Part of this Act without being lawfully entitled thereto he, or in the case of his death his personal representatives, shall be liable to repay to the Insurance Commissioners the amount of such payment or benefit, and any such amount may be recovered as a debt due to the Crown and when so recovered shall be carried to the credit of the society of which such person was a member, or if he was not a member of any approved society, of the Post Office Fund.

See clause 52, by which any person guilty of making false representations for the purpose of obtaining any benefit under the Act is rendered liable to three months' imprisonment.

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55. *Provisions as to application of existing funds of friendly societies.*—(1) Any registered friendly society or branch which provides benefits similar to those conferred by this Act shall submit to the Registrar of Friendly Societies a scheme for abolishing, reducing, or altering such benefits as respects members who become insured persons under this Part of this Act, and for the application of the funds accumulated in respect of such members for the purposes of such benefits in any one or more of the following ways:—

- (a) in the payment of other benefits;
- (b) in the reduction of the contributions of members in respect of benefits payable by the society independently of this Part of this Act;
- (c) in the payment of contributions under this Part of this Act payable by its members;

and any such scheme when confirmed by the registrar shall have effect as if enacted in this Act.

(2) This section shall come into operation on the passing of this Act.

Mr. Charles Bathurst asked the Chancellor of the Exchequer whether under clause 55 any existing member of a registered friendly society will under any circumstances be compelled to pay in respect of sickness and invalidity insurance to the Government and in respect of death and funeral insurance to his society a larger aggregate amount than he has now to pay for the same benefits to his society?

Mr. Lloyd George: I fear it is impossible to say whether this will be so in particular cases. It depends entirely on the amount of the benefits they are insured for. If it occurs it will be clear evidence that the member was inadequately insured against sickness and disablement.

56. *Provisions as to existing superannuation funds.*—Where at the passing of this Act a superannuation fund or any similar fund has been established by an employer for the benefit of the workmen employed by him, and under the Act or deed establishing the fund

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any sum is payable by the employer towards benefits secured by the Act or deed, and those benefits include benefits similar to those conferred by this Act, the employer may at any time before the commencement of this Act submit to the registrar a scheme allowing him to deduct from any contributions payable by him under the Act or deed towards benefits of a nature similar to those under this Act the amount of the employer's contributions payable by him under this Part of this Act.

57. *Power to remove difficulties.*—If any difficulty arises with respect to the constitution of local Health Committees, or the advisory committee, or otherwise in bringing into operation this Part of this Act, the Insurance Commissioners, with the consent of the Treasury, may by order make any appointment and do anything which appears to them necessary or expedient for the establishment of such committees and for bringing this Part of this Act into operation, and any such order may modify the provisions of this Act so far as may appear necessary or expedient for carrying the order into effect.

This is one of the most extraordinary clauses ever inserted in any Bill! It actually gives to the Insurance Commissioners power to override an Act of Parliament! They “may modify the provisions of this Act.” And the only check on them is that they may only do this “with the consent of the Treasury,” by whom they were appointed! If the framers of this Bill really meant to give the Commissioners these powers, it seems rather a pity to waste the time of Parliament in discussing and passing all the many clauses in the Bill! It would have been so much simpler to have appointed the Commissioners in the first instance, and then by Act of Parliament give them and the Treasury power to frame and carry out the provisions of a National Insurance Bill!

58. *Application to Scotland.*—This Part of this Act in its application to Scotland shall be subject to the following modifications:—

- (1) The expression “Local Government Board”

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means the Local Government Board for Scotland: Provided that as regards the making of regulations respecting sums payable out of the Local Taxation (Scotland) Account the said expression means the Secretary for Scotland; the expression "Local Taxation Account" means the Local Taxation (Scotland) Account; and the expression "inspector of the Local Government Board" includes a person acting under section seven or section eight of the Public Health (Scotland) Act, 1897:

- (2) The expression "county borough" means a burgh or police burgh within the meaning of the Local Government (Scotland) Act, 1889 (in this section referred to as the Act of 1889), containing within the police boundaries thereof according to the census of nineteen hundred and eleven a population of twenty thousand or upwards, and all other burghs and police burghs shall, for the purposes of this Part of this Act, be held to be within the county, and unless already represented on the county council shall, for the purposes of this Part of this Act, be represented thereon as may be determined by the Secretary for Scotland on a representation in terms of section fifty-one of the Act of 1889:
- (3) Except in this section, references to a county and the county council thereof shall, as regards—
- (a) the counties of Kinross and Clackmannan;
 - (b) the counties of Elgin and Nairn; and
 - (c) the counties of Peebles and Selkirk;
- be construed in each case as references respectively to a combination of the two recited counties and to a joint committee of the county councils thereof which shall from time to time

be appointed subject to the provisions of section seventy-six of the Act of 1889:

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- (4) Expenses incurred by a county council under this Part of this Act shall be defrayed out of the general purposes rate: provided that notwithstanding anything contained in the Act of 1889, the ratepayers of a police burgh shall not be assessed by the county council for any such expenses unless the police burgh is, for the purposes of this Part of this Act, held to be within the county; and provided further that with respect to every burgh within the meaning of the Act of 1889, which is, for the purposes of this Act, held to be within the county subsection three and subsection four of section sixty, and section sixty-six, of the Act of 1889, shall, so far as applicable, have effect as if such expenses were expenditure therein mentioned:
- (5) Expenses incurred by a town council under this Act (whether under requisition from the county council or otherwise) shall be defrayed out of the public health general assessment, but shall not be reckoned in any calculation as to the statutory limit of that assessment; and references to the borough fund or borough rate shall be construed accordingly:
- (6) The expression "borough or urban district" means a burgh or police burgh within the meaning of the Act of 1889, and the expression "rural district" means any part of a county outwith a burgh or police burgh:
- (7) The expression "Lord Chief Justice," in reference to questions or disputes arising between the Insurance Office and a society whose head office or principal place of business is in Scotland, means the Lord President of the Court of Session:

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- (8) The expression "county court" means the sheriff; and in lieu of an appeal from the county court upon any question of law there shall be substituted an appeal from the sheriff upon any question of law in terms of subsection (17) (b) of the Second Schedule to the Workmen's Compensation Act, 1906; provided that the decision of either division of the Court of Session on such appeal shall be final:
- (9) The expression "workhouse" means poorhouse; "coverture" means marriage; "levy any distress or execution upon" means use any diligence in respect of; "ejectment" means removing; "amount of judgment debt" means amount decreed for; "Public Health Acts" means the Public Health (Scotland) Acts; and "High Court" means Court of Session:

59. *Application to Ireland.*—This Part of this Act, in its application to Ireland, shall be subject to the following modifications:—

- (1) The reference to the Lord Chancellor shall be construed as a reference to the Lord Chancellor of Ireland.

The reference to the Lord Chief Justice shall, as respects disputes or questions arising between the Insurance Commissioners and any approved society having its head office or principal place of business in Ireland, be construed as a reference to the Lord Chief Justice of Ireland.

References to the Local Government Board shall be construed as references to the Local Government Board for Ireland, and the reference to the Local Taxation Account shall be construed as a reference to the Local Taxation (Ireland) Account.

- (2) A reference to the Housing of the Working Classes

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(Ireland) Acts, 1890 to 1908, shall be substituted for the reference to the Housing of the Working Classes Acts, 1890 to 1909, and a reference to the Public Health (Ireland) Acts, 1878 to 1907, shall be substituted for the reference to the Public Health Acts.

- (3) Where the number of members of any society being insured persons exceeds five thousand, the society may receive the approval of the Insurance Commissioners notwithstanding that the number of such members is less than ten thousand, and in the provisions of this Part of this Act with respect to the approval of societies "five thousand" shall be substituted for "ten thousand" accordingly.

"At least ten thousand members" are necessary in the case of England, Scotland and Wales [clause 18 (2) (i)].

- (4) (a) If it appears to any county council that, having regard to the number of employed contributors resident in the county who are not members of any society approved under the foregoing provisions of this Act it is desirable that steps should be taken by the council for the establishment of an approved society for the county under the council (in this section referred to as a county society), the council may at any time before the expiration of one year from the commencement of this Act submit to the Insurance Commissioners a scheme for the establishment of a county society;

- (b) The scheme may provide for—

(i) the representation of the council on the committee of management of the society;

(ii) the appointment of officers and district and other committees by the council;

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(iii) the delegation of powers to committees;

(iv) the giving of security by means of a charge upon the county fund or otherwise;

(v) the restriction of membership to insured persons resident in the county not being members of any other approved society;

(vi) the reduction of benefits below the minimum rates fixed by this Part of this Act; and

(vii) such other matters as may appear necessary and in particular such further modifications of the provisions of this Part of this Act with respect to approved societies as may be required for the purpose of adapting those provisions to the case of a county society;

(c) The scheme may be approved notwithstanding that the number of members or prospective members of the society is less than five thousand;

(d) Where such a scheme has been approved by the Insurance Commissioners, the provisions of the scheme shall have effect notwithstanding anything to the contrary in this Part of this Act; and, subject to those provisions, the county society shall be an approved society for all the purposes of this Part of this Act;

(e) A county council desirous of submitting a scheme under this section may at any time after the passing of this Act take such steps as appear necessary with a view to ascertaining what insured persons resident in the county are eligible and willing to become members of the proposed county society, and generally for the formation of the society;

(5) The local health committee of a county shall consist of such number of members as may be determined by the Insurance Commissioners, and of

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that number not more than one-fourth shall be persons appointed by the Insurance Commissioners, and the remainder shall be appointed by the county council.

- (6) Subject to the provisions of this section the rules of a local health committee of a county may provide for the performance of duties by officers of local authorities in connection with the administration of benefits administered by the committee, and those officers shall perform the duties so assigned to them, and shall in respect thereof be entitled to the remuneration fixed by the rules.
- (7) The following provisions shall have effect with respect to the administration of medical benefit by a local health committee of a county in the case of deposit contributors resident in the county:—

(a) It shall be the duty of the medical officer of health of each dispensary district in the county, without the production of any medical relief ticket, to attend and treat every deposit contributor resident in his district and requiring medical attendance or treatment, and at the expense of the guardians to supply proper and sufficient drugs and medicine to the contributor;

(b) There shall be paid to the medical officer in respect of his services under the last preceding paragraph such yearly sum as may be prescribed in respect of each deposit contributor resident in his district;

(c) There shall be paid to the guardians of the poor law union in respect of medicine and drugs supplied to deposit contributors resident in the union, or the part of the union

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within the county as the case may be, a sum calculated at such rate as may be prescribed:

(d) Any sums so payable to a medical officer or board of guardians shall be paid in the prescribed manner and at the prescribed time by the local health committee out of the amount paid or credited to the committee on account of sums payable in respect of deposit contributors resident in the county for the purposes of the cost of medical benefit.

- (8) If a grant is made to a county council or county borough council out of any sum made available under any other Act of the present session for the purposes of the provision of sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board may with the approval of the Treasury appoint, the council may, subject to the sanction of the Local Government Board, exercise for all or any of those purposes the powers given to them by Part II. of the Tuberculosis Prevention (Ireland) Act, 1908, in like manner as if those purposes were purposes authorised by that Part of that Act, and any expenses of the council so far as not defrayed out of the grant shall be defrayed in manner provided by that Part of that Act.
- (9) If on a representation made by an approved society the Insurance Commissioners are satisfied that the society is unable to make arrangements upon reasonable terms for the administration of medical benefit in the case of members resident in any specified locality, the Commissioners may authorise the society in the case of members resident in that locality to suspend medical benefit and out of the moneys otherwise payable for the cost of that benefit to distribute

any one or more additional benefits among those members in accordance with a scheme approved by the Commissioners.

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Mr. Lloyd George seems to recognize that very different conditions prevail in Ireland ; he said :—

“ As far as I am concerned, I would rather that the problems of Irish doctors be settled by the Irish doctors themselves. . . . I am told there are very different considerations applying. At any rate, the money would be there for them. As to how it is distributed, they will have to fight that out themselves, but the medical profession will be represented.”

He has also promised that the medical profession shall have representation on the Advisory Committee in Ireland in the same manner as that which he had referred to as regarded Great Britain.

- (10) For the purposes of proceedings in Ireland under the provisions of this Part of this Act relative to disputes regulations of the Insurance Commissioners may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration.

PART II.

UNEMPLOYMENT INSURANCE.

60. *Right of workmen in insured trades to unemployment benefit.*—Every workman who, having been employed in a trade mentioned in the Sixth Schedule to this Act (in this Act referred to as “an insured trade”), is unemployed, and in whose case the conditions laid down by this Part of this Act (in this Act referred to as “statutory conditions”) are fulfilled, shall be entitled, subject to the provisions of this Part of this Act, to receive payments (in this Act referred to as “unemployment benefit”) at weekly or other prescribed intervals at such rates and for such periods as are authorised by or under the

§ 60. Seventh Schedule to this Act, so long as those conditions continue to be fulfilled, and so long as he is not disqualified under this Act for the receipt of unemployment benefit.

“**Every workman.**”—For definition of workman see clause 81 (1).

“**Sixth Schedule.**”—The Act is compulsory in regard to workmen employed in the trade set forth in the Sixth Schedule.

“**statutory conditions.**”—See clause 62.

“**not disqualified.**”—For disqualification see clause 63.

61. *Contributions by workmen, employers, and the Treasury.*—(1) The sums required for the payment of unemployment benefit under this Act shall be derived partly from contributions by workmen in the insured trades and partly from contributions from employers of such workmen *and partly from moneys provided by Parliament.*

(2) Subject to the provisions of this Part of this Act, every workman employed within the United Kingdom in an insured trade, and every employer of any such workman, shall be liable to pay contributions at the rates specified in Part I. of the Eighth Schedule to this Act.

(3) Except where the regulations under this Part of this Act otherwise prescribe, the employer shall, in the first instance be liable to pay both the contribution payable by himself, and also on behalf of and to the exclusion of the workman, the contribution payable by such workman, and subject to such regulations shall be entitled notwithstanding the provisions of any Act relating to truck or any contract to the contrary, to recover from the workman by deductions from his wages or otherwise the amount of the contributions so paid by him on behalf of the workman.

(4) Notwithstanding any contract to the contrary the employer shall not be entitled to deduct from the wages of, or otherwise recover from, the workman the contributions payable by the employer himself.

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(5) Subject to the provisions of this Part of this Act, the Board of Trade may make regulations providing for any matters incidental to the payment and collection of contributions payable under this Part of this Act, and in particular for—

- (a) payment of contributions by means of adhesive or other stamps affixed to or impressed upon books or cards, and for regulating the manner, times and conditions in, at and under which such stamps are to be affixed and impressed;
- (b) the issue sale custody or delivery up of books or cards and the replacement of books or cards which have been lost destroyed or defaced.

(6) *A contribution shall be made in each year out of moneys provided by Parliament equal to one-third of the total contributions received from employers and workmen during that year, and the sums to be contributed in any year shall be paid in such manner and at such times as the Treasury may determine.*

62. *Statutory conditions for receipt of unemployment benefit.*—The statutory conditions for the receipt of unemployment benefit by any workman are—

- (1) that he proves that he has, since the commencement of this Act, been employed in an insured trade during each of not less than twenty-six separate calendar weeks;

This is the same provision for the waiting period of six months as in the case of sickness benefit.

- (2) that he has made application for unemployment benefit in the prescribed manner, and proves that since the date of the application he has been continuously unemployed;
- (3) that he is capable of work but unable to obtain suitable employment;

- § 62. (4) that he has not exhausted his right to unemployment benefit under this Part of this Act:

Provided that a workman shall not be deemed to have failed to fulfil the statutory conditions by reason only that he has declined an offer of employment in a situation vacant in consequence of a trade dispute involving a strike or lock-out, or an offer of employment at a rate of wage lower than the rate which he habitually earns when in employment, or, in the case of an offer of employment in a district other than that in which he resides, at a rate of wage lower than the rate current in the district in which the employment is offered.

63. *Disqualifications for unemployment benefit.*—

(1) A workman who loses employment by reason of a trade dispute involving a strike or lock-out by which he is directly affected shall be disqualified for receiving unemployment benefit so long as the strike or lock-out continues.

(2) A workman who loses employment through misconduct or who voluntarily leaves his employment without just cause shall be disqualified for receiving unemployment benefit for a period of six weeks from the date when he so lost employment.

(3) A workman who has been convicted of an offence and ordered to be imprisoned without the option of a fine or to suffer any greater punishment shall be disqualified for receiving unemployment benefit for a period of six weeks after his release from prison.

(4) A workman shall be disqualified for receiving unemployment benefit whilst he is an inmate of any workhouse or other institution supported wholly or partly out of public funds, and whilst he is resident temporarily or permanently outside the United Kingdom.

64. *Determination of claims.*—(1) All claims for unemployment benefit under this Part of this Act, and all

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questions whether the statutory conditions are fulfilled in the case of any workman claiming such benefit, or whether those conditions continue to be fulfilled in the case of a workman in receipt of such benefit, or whether a workman is disqualified for receiving or continuing to receive such benefit, or otherwise arising in connexion with such claims, shall be determined by one of the officers appointed under this Part of this Act for determining such claims for benefit (in this Act referred to as "insurance officers"):

For appointment of "insurance officers" see clause 65.

Provided that—

- (a) in any case where unemployment benefit is refused or is stopped, the workman may require the insurance officer to report the matter to a court of referees constituted in accordance with this Part of this Act, and the referees after considering the circumstances may make to the insurance officer such recommendations on the case as they may think proper. If the insurance officer disagrees with any such recommendation he shall, if so requested by the referees, refer the recommendation, with his reasons for disagreement, to an umpire appointed under this Part of this Act, whose decision shall be final and conclusive;

"umpire."—For appointment of "umpires" see clause 65.

- b) the insurance officer in any case in which he considers it expedient to do so may, instead of himself determining the claim or question, refer it to a court of referees, who shall in such case determine the question, and the de-

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cision of the court shall be final and conclusive.

“**court of referees.**”—For constitution see clause 66.

(2) Nothing in this section shall be construed as preventing an insurance officer or umpire, or a court of referees, on new facts being brought to his or their knowledge, revising a decision or recommendation given in any particular case, but where any such revision is made, the revised decision or recommendation shall have effect as if it had been an original decision or recommendation, and the foregoing provisions of this section shall apply accordingly.

(3) The Arbitration Act, 1889, shall not apply to proceedings under this section except so far as it may be applied by regulations under this Part of this Act.

(4) For the purposes of proceedings under this section in Ireland regulations may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration.

65. *Appointment of umpires, insurance officers, inspectors, &c.*—(1) For the purposes of this Part of this Act umpires and insurance officers shall be appointed by the Board of Trade, subject to the consent of the Treasury as to number, and the insurance officers shall be appointed to act for such areas as the Board direct.

(2) The Board of Trade may appoint such other officers, inspectors, and servants for the purposes of this Part of this Act as the Board may, with the sanction of the Treasury, determine, *and there shall be paid out of moneys provided by Parliament to the umpires and insurance officers and to such other officers, inspectors, and servants such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Board of Trade in carrying this Part of this Act into effect*

to such amount as may be sanctioned by the Treasury shall be defrayed out of moneys provided by Parliament : § 65.

Provided that *one-tenth* of the receipts, other than advances by the Treasury, paid into the unemployment fund on income account shall, in accordance with regulations made by the Treasury, be applied as an appropriation in aid of money provided by Parliament for the purpose of such salaries, remuneration, and expenses.

66. Courts of referees.—(1) A court of referees for the purposes of this Part of this Act shall consist of one or more members chosen to represent employers, with an equal number of members chosen to represent workmen, and a chairman appointed by the Board of Trade.

(2) Panels of persons chosen to represent employers and workmen respectively shall be constituted by the Board of Trade for such districts and such trades or groups of trades as the Board may think fit, and the members of a court of referees to be chosen to represent employers and workmen shall be selected from those panels in the prescribed manner.

(3) Subject as aforesaid, the constitution of courts of referees shall be determined by regulations made by the Board of Trade.

(4) The regulations of the Board of Trade may further provide for the reference to referees chosen from the panels constituted under this section, for consideration and advice, of questions bearing upon the administration of this Part of this Act, and for the holding of meetings of referees for the purpose.

(5) *The Board of Trade may pay such remuneration to the chairman and other members of a court of referees and such travelling and other allowances (including compensation for loss of time) to persons required to attend before any such court, and such other expenses in connexion with any referees, as the Board, with the sanction of the Treasury determine, and any such payments*

§ 66. *shall be treated as expenses incurred by the Board of Trade in carrying this Part of this Act into effect.*

67. Regulations.]—(1) The Board of Trade may make regulations for any of the purposes for which regulations may be made under this Part of this Act and the schedules therein referred to and for prescribing anything which under this Part of this Act or any such schedules is to be prescribed and—

(a) for prescribing what occupations are to be deemed employment in an insured trade for the purposes of this Part of this Act; and for excluding—

(i) any occupations which are common to insured and uninsured trades alike, and are ancillary only to the purposes of an insured trade; and

(ii) any occupations which are ancillary only to the trade carried on by the employer where that trade is not an insured trade; and

(iii) any occupations in businesses which, though concerned with the making of parts or the preparation of materials for use in an insured trade, are mainly carried on as separate businesses or in conjunction with trades other than insured trades;

(b) as to the determination, on application being made for the purpose, of questions whether contributions under this Part of this Act are payable in respect of any workman or class of workmen;

(c) for prescribing the evidence to be required as to the fulfilment of the conditions and qualifications for receiving or continuing to receive unemployment benefit, and for that purpose requiring the attendance of workmen at such

offices or places and at such times as may be prescribed;

§ 67.

- (d) for prescribing the manner in which claims for unemployment benefit may be made and the procedure to be followed on the consideration and examination of claims and questions to be considered and determined by the insurance officers, courts of referees, and umpires, and the mode in which any question may be raised as to the continuance, in the case of a workman in receipt of unemployment benefit, of such benefit,

and generally for carrying this Part of this Act into effect, and any regulations so made shall have effect as if enacted in this Act.

(2) The regulations may, with the concurrence of the Postmaster General, provide for enabling claimants of unemployment benefit to make their claims for unemployment benefit under this Act through the Post Office, and for the payment of unemployment benefit through the Post Office.

68. *Unemployment fund.*—(1) For the purposes of this Part of this Act there shall be established under the control and management of the Board of Trade a fund called the unemployment fund, into which shall be paid all contributions payable under this Part of this Act by employers and workmen and out of moneys provided by Parliament, and out of which shall be paid all claims for unemployment benefit and any other payments which under this Part of this Act are payable out of the fund.

(2) The accounts of the unemployment fund shall be audited in such manner as the Treasury may direct.

(3) Any moneys forming part of the unemployment fund may from time to time be paid over to the National Debt Commissioners and by them invested in accord-

§ 68.

ance with regulations made by the Treasury in any securities which are for the time being authorised by Parliament as investments for savings banks moneys.

(4) *The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.*

69. Treasury advances.—(1) *The Treasury may out of the Consolidated Fund or the growing produce thereof advance on the security of the unemployment fund any sums required for the purpose of discharging the liabilities of that fund under this Part of this Act: Provided that the total amount of advances outstanding at any time shall not exceed three million pounds or such larger sum as the Treasury may fix.*

“**The Treasury may.**”—The benefits receivable under the Bill are not guaranteed by the State, but the provision in this clause is made for the Treasury to advance moneys to the fund to meet times of great depression of trade whereby the trade had become exhausted.

(2) *If whilst any part of any such advance is outstanding it appears to the Treasury that the unemployment fund is insolvent, the Board of Trade shall, if the Treasury so direct, by order, make such temporary modifications in any of the rates of contribution, or the rates or periods of unemployment benefit, and during such period, as the Treasury may consider necessary to secure the solvency of the unemployment fund:*

Provided that no order made under this subsection shall reduce the weekly rate of unemployment benefit below the sum of five shillings, or shall increase the rates of contribution from employers or workmen by more than one penny per workman per week, and no such order shall remain in force more than three months after all the advances and interest thereon have been repaid.

§ 69.

“make such temporary modifications.”—The powers given seem scarcely wide enough. The whole scheme is a leap in the dark, and there is really no sufficient data at present on which to formulate the contributions and benefits. Hence, if the Board of Trade find the financial basis is wrong, it seems only right that as they may not reduce the weekly benefit below 5s. they should be able to enforce their order for a longer period than the three months.

(3) *The Treasury may for the purpose of providing for the issue of sums out of the Consolidated Fund under this section, or for the repayment to that fund of all or any part of the sums so issued, or for paying off any security issued under this section, so far as that payment is not otherwise provided for, borrow money by means of the issue of Exchequer bonds or Treasury bills, and all sums so borrowed shall be paid into the Exchequer.*

(4) *The principal of and interest on any Exchequer bonds issued under this section shall be charged on and payable out of the Consolidated Fund of the United Kingdom or the growing produce thereof.*

(5) *Notwithstanding anything in any other Act, money in the hands of the National Debt Commissioners for the reduction of the National Debt shall not be applied to purchasing, reducing, or paying off any Exchequer bonds or Treasury bills issued under this section.*

70. Power of employers to compound at reduced rates.—Any employer may in lieu of paying as they become due the contributions to which he is liable under this Part of this Act in respect of any workman, on his own account and on behalf of the workman, pay in advance a contribution in respect of that workman at such reduced rate as is specified in Part II. of the Eighth Schedule to this Act or at such other rate as the Board of Trade, with the approval of the Treasury, may prescribe; and where such a contribution has been paid by an employer, he shall be entitled to recover from the workman in respect of whom the contribution has been paid.

§ 70.

and to deduct from his wages, the same sums as he would have been entitled to recover and deduct if he had made the ordinary weekly or other periodical contributions on behalf of the workman, and the sums which he is so entitled to deduct shall for the purposes of this Part of this Act be treated as contributions made by the workman:

Provided that if in the course of the period in respect of which the contribution in advance was paid the workman becomes entitled, or would, had he taken the necessary steps, have become entitled, to unemployment benefit, and is subsequently re-employed by the same employer, the contribution so paid in advance shall not cover any part of the period of such re-employment.

The rebate here allowed to the employer is a very substantial one. The weekly contributions of employer and workman would amount to 1*l.* 1*s.* 8*d.* in the year—and as the employer is given the option of paying 15*s.* in respect of both, he clearly saves 6*s.* 8*d.*—in other words, his own contribution only amounts to 4*s.* 2*d.*—but of course he runs the risk of the workman leaving his employ during the year.

The rebate, of course, is given to encourage employers to keep their workmen.

71. *Return of part of contributions by workmen in certain cases.*—(1) Any workman who satisfies the Board of Trade that he has paid contributions in accordance with the provisions of this Part of this Act in respect of five hundred weeks or upwards shall be entitled at any time after reaching the age of sixty to be repaid the amount, if any, by which the total amount of such contributions have exceeded the total amount received by him out of the unemployment fund under this Act, together with compound interest at the rate of *two-and-a-half per cent.* per annum calculated in the prescribed manner, and such repayment may, in accordance with regulations made by the Board of Trade, be made by way of a lump sum payment or by way of annuity, or in such other manner as may be prescribed.

In other words, the workman will get back all the money he has paid himself, minus any unemployment benefits he has received, together with $2\frac{1}{2}$ per cent. compound interest.

§ 71.

(2) The Board of Trade may, if they think fit, by regulations reduce the age of sixty mentioned in the foregoing subsection to an age not less than fifty-five in the case of workmen who prove that they have finally ceased to follow any insured trade.

72. *Refund of contributions paid in respect of workmen working short time.*—If any employer satisfies the Board of Trade that during any period of depression in his trade workmen employed by him have been systematically working short time, and that during such period he has paid contributions under this Part of this Act on behalf of such workmen, as well as on his own behalf, without recovering such contributions from such workmen either by way of deductions from wages or otherwise, there may be refunded to him out of the unemployment fund in accordance with regulations made by the Board of Trade the contributions so paid by him in respect of those workmen for the period or such part thereof as in the circumstances may seem just:

Provided that no such refund shall be made in respect of any workmen for any week in which the hours of work have exceeded five-sixths of the number usually recognised as constituting a full week's work at that time in the trade and district.

The explanatory memorandum of this Part of the Bill states that the clause is to give an advantage to employers who adopt the plan of working short time in times of depression instead of dismissing some men and keeping the rest on full time, and that to encourage employers to adopt this course "the contributions both of employers and of workmen may be remitted altogether." To carry out this object words should be inserted saying what is to be remitted in the case of employers who have paid the reduced contributions of 15s. for the year in respect of particular workmen.

§ 73.

73. *Provisions with respect to workmen engaged through labour exchanges.*—(1) The Board of Trade may in such cases and on such conditions as the Board may prescribe, make an arrangement with any employer liable to pay contributions under this Act whereby in respect of workmen engaged by him through a labour exchange, the performance of all or any of the duties required under this Act to be performed by the employer in respect of those workmen, whether on his own behalf or on behalf of the workmen, shall be undertaken on behalf of the employer by the labour exchange, and whereby successive periods of employment, whether of the same workmen or different workmen, may for the purposes of the employer's contributions be treated as a continuous employment of a single workman.

(2) Where any such arrangement has been made, all the periods of employment during which a workman engaged through a labour exchange is employed by one or more employers with whom such an arrangement has been made may, on the application of the workman, be treated for the purposes of his contributions as a continuous period of employment under one employer.

This clause is, of course, framed to encourage employers to make greater use of the Labour Exchanges.

74. *Subsidiary provisions.*—(1) If the repeated failure of any insured workman to obtain or retain employment appears to the insurance officer to be wholly or partly due to defects in skill or knowledge, the insurance officer may, if he thinks fit, offer to arrange for the attendance of the workman at a suitable course of technical instruction, and may out of the unemployment fund pay all or any of the expenses incidental to such attendance. If the workman fails or refuses either to avail himself of the offer, or to produce satisfactory evidence of his competence, or if the person in charge of the course

attended by the workman reports that there is no reasonable prospect of such defects being remedied, such facts shall be taken into consideration in determining what is suitable employment for the workman.

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This clause, if properly worked, should be of great value in improving the status and value of workmen who have not been properly trained.

(2) The regulations of the Board of Trade made under this Part of this Act may provide for the return to a workman who is not a workman in an insured trade and to his employer of any contributions paid by them respectively under the belief that the workman was a workman in an insured trade.

(3) Where under regulations made by the Board of Trade any sum has been paid out of the unemployment fund by way of reward for the return of a book or card which has been lost, the person responsible for the custody of the book or card at the time of its loss shall be liable to repay the sum so paid, not exceeding *one shilling* in respect of any one occasion.

75. Offences.—(1) If for the purpose of obtaining any benefits or payment under this Part of this Act either for himself or for any other person, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months, with or without hard labour.

(2) If any employer or workman has failed to pay any contributions which he is liable under this Part of this Act to pay, or if any employer or workman or any other person refuses or neglects to comply with any of the requirements of this Part of this Act, or the regulations made thereunder, he shall for each offence be liable on summary conviction to a fine not exceeding *ten pounds*, and also, where the offence is failure or neglect to make

§ 75. any contribution under this Part of this Act, to pay to the unemployment fund a sum equal to *three times the amount* which he has refused or neglected to pay, which sum, when paid, shall be treated as a payment in satisfaction of the contributions which he has so refused or neglected to pay.

(3) Proceedings under the foregoing provisions of this section shall not be instituted except by, or with the consent of, the Board of Trade, and may be commenced at any time within three months of the date at which the offence comes to the knowledge of the Board of Trade.

(4) Nothing in this section shall be construed as preventing the Board of Trade from recovering any sums due to the unemployment fund by means of civil proceedings, and all such sums shall be recoverable in such proceedings as debts due to the Crown.

(5) If it is found at any time that a person has been in receipt of unemployment benefit under this Part of this Act whilst the statutory conditions were not fulfilled in his case or whilst he was disqualified for receiving unemployment benefit, he, or in case of his death his personal representatives, shall be liable to repay to the unemployment fund any sums paid to him in respect of unemployment benefit whilst the statutory conditions were not fulfilled or whilst he was disqualified for receiving the benefit, and the amount of such sums may be recovered as a debt due to the Crown.

76. Periodical revision of rates of contribution.—If at any time after the expiration of five years from the commencement of this Act it appears to the Board of Trade that the unemployment fund is insufficient or more than sufficient to discharge the liabilities imposed upon the fund under this Part of this Act, or that the rates of contribution are excessive or deficient as respects any particular insured trade, or any particular branch of any such trade, the Board may, with the sanction of the

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Treasury, by special order made in manner herein-after provided revise the rates of contribution of employers and workmen under this Part of this Act, and any such order may, if the Board think fit, prescribe different rates of contribution for different insured trades or branches thereof, and where any such order is made the rates prescribed by the order shall as from such date as may be specified in the order be substituted as respects trades or branches thereof to which it relates for the rates prescribed by this Act:

Provided that where such a revision has been made no further revision under this section shall be made before the expiration of five years from the last revision, and that no order under this section shall increase the rates of contribution from employers or workmen by more than *one penny* per workman per week.

77. Power to extend to other trades.—If it appears to the Board that it is desirable to extend the provisions of this Part of this Act to workmen in any trade other than an insured trade the Board may, with the consent of the Treasury, make, in manner herein-after provided, a special order extending this Part of this Act to such workmen either without modification or subject to such modifications as may be contained in the order, and on any such order being made this Part of this Act shall, subject to the modifications (if any) contained in the order, apply as if the trade mentioned in the order were an insured trade and as if the rates and periods of benefit mentioned in the order were the rates and periods of benefit provided by this Part of this Act in respect of such trade:

Provided that no such order shall be made which would, in the opinion of the Treasury, increase the contribution to the unemployment fund out of moneys provided by Parliament to a sum exceeding one million pounds a

§ 77. *year before the expiration of three years from the making of the order.*

78. *Procedure for making special orders.*—(1) Sections eighty and eighty-one of the Factory and Workshop Act, 1901, relating to the making of regulations under that Act, as set out and adapted in the Ninth Schedule to this Act, shall apply to special orders made under this Part of this Act.

(2) Before a special order comes into force it shall be laid before both Houses of Parliament for a period of not less than thirty days during the session of Parliament, and if either of those Houses before the expiration of those thirty days presents an address to His Majesty against the order or any part thereof, no further proceedings shall be taken thereon, without prejudice to the making of any new order.

79. *Arrangements with associations of workmen in insured trade making payments to members whilst unemployed.*—(1) The Board of Trade may, on the application of any association of workmen the rules of which provide for payments to its members, being workmen in an insured trade, or any class thereof, whilst unemployed, make an arrangement with such association that, in lieu of paying unemployment benefit under this Part of this Act to workmen who prove that they are members of the association, there shall be repaid periodically to the association out of the unemployment fund such sum as appears to be, as nearly as may be, equivalent to the aggregate amount which such workmen would have received during that period by way of unemployment benefit under this Part of this Act if no such arrangement had been made, but in no case exceeding *two-thirds* of the amount of the payments made during that period by the association to such workmen as aforesaid whilst unemployed.

(2) The council or other governing body of any asso-

§ 79.

ciation of workmen which has made such an arrangement as aforesaid shall be entitled to treat the contributions due from any of its members to the unemployment fund under this Part of this Act, or any part thereof, as if such contributions formed part of the subscriptions payable by those members to the association, and, notwithstanding anything in the rules of the association to the contrary, may reduce the rates of subscription of those members accordingly.

(3) For the purpose of determining whether a workman has exhausted his right to unemployment benefit under this Part of this Act, the amount of any sum which, but for this section, would have been paid to him by way of unemployment benefit shall be deemed to have been so paid.

(4) The Board of Trade may make regulations for giving effect to this section, and for determining the mode in which questions arising under this section shall be settled.

80. *Repayments to associations making payments to persons, whether workmen in insured trade or not, whilst unemployed.*—(1) *The Board of Trade may with the consent of the Treasury, and on such conditions and either annually or at such other intervals as the Board may prescribe, repay out of moneys provided by Parliament to any association of persons not trading for profit the rules of which provide for payments to persons whilst unemployed, whether workmen in an insured trade or not, such part in no case exceeding one-sixth as they think fit, of the aggregate amount which the association has expended on such payments during the preceding year or other prescribed period, exclusive of the sum (if any) repaid to the association in respect of such period in pursuance of an arrangement under the last foregoing section, and exclusive in the case of payments which exceed twelve*

§ 80. *shillings a week of so much of those payments as exceeds that sum.*

(2) No repayment shall be made under this section in respect of any period before the commencement of this Act.

(3) The Board of Trade may make regulations for giving effect to this section, and for determining the mode in which questions arising under this section shall be settled.

So far the clauses in this Part of the Bill have all related to compulsory insurance against unemployment in the insured trades; but this clause encourages voluntary insurance in any trade.

81. *Interpretation and application.*—(1) For the purposes of this Part of this Act—

The expression “workman” means any person of the age of eighteen or upwards employed wholly or mainly by way of manual labour, who has entered into or works under a contract of service or apprenticeship with an employer, whether the contract is expressed or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid;

Contributions made by an employer on behalf of a workman shall be deemed to be contributions by the workman;

Two periods of unemployment of not less than two days each, separated by a period of not more than two days, or two periods of unemployment of not less than one week each, separated by an interval of not more than six weeks, shall be treated as a continuous period, and the expression “continuously unemployed” shall have a corresponding meaning;

Temporary work provided by a central body or dis-

§ 81.

distress committee under the Unemployed Workmen Act, 1905, or towards the provision of which any such central body or distress committee has contributed under that Act, shall not be deemed to be employment in an insured trade.

(2) This Part of this Act shall apply to workmen employed by or under the Crown to whom this Act would apply if the employer were a private person, except to such of those workmen as are serving in an established capacity in the permanent service of the Crown, subject, however, to such modifications as may be made therein by Order in Council for the purpose of adapting the provisions of this Part of this Act to the case of such workmen.

PART III.

GENERAL.

82. *Provisions as to stamps.* — Stamps required for the purposes of this Act shall be prepared and issued in such manner as the Commissioners of Inland Revenue with the consent of the Treasury may direct, who may provide for applying, with the necessary adaptations, as respects such stamps, all or any of the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, and may with the consent of the Postmaster-General provide for the sale of such stamps through the Post Office.

83. *Outdoor relief.* — In granting outdoor relief to a person in receipt of or entitled to receive any benefit under this Act, a board of guardians in England shall not take into consideration any such benefit, except so far as such benefit exceeds *five shillings* a week.

§ 84.

84. *Priority of claims for contributions due by bankrupt employers.*—(1) There shall be included among the debts which, under section one of the Preferential Payments in Bankruptcy Act, 1888, and section two hundred and nine of the Companies (Consolidation) Act, 1908, are, in the distribution of the property of a bankrupt and in the distribution of the assets of a company being wound up, to be paid in priority to all other debts, all contributions payable under this Act by the bankrupt or the company in respect of employed contributors, workmen in an insured trade during the four months before the date of the receiving order, or as the case may be, the commencement of the winding up, and those Acts shall have effect accordingly.

(2) In the case of the winding up of a company within the meaning of the Stannaries Act, 1887, such contributions as aforesaid shall, if payable in respect of a miner, have the like priority as is conferred on wages of miners by section nine of that Act, and that section shall have effect accordingly.

(3) This section shall not apply where a company is wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company.

(4) In the application of this section to Scotland a reference to section three of the Bankruptcy (Scotland) Act, 1875, shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888.

(5) In the application of this section to Ireland a reference to section four of the Preferential Payments in Bankruptcy (Ireland) Act, 1889, shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888; and any reference to a bankrupt shall include a reference to an arranging debtor; and the reference to the receiving order shall be construed as a reference to the order of adjudication in the case

of a bankrupt, or to the filing of the petition for arrangement in the case of an arranging debtor.

§ 84.

85. *Benefits to be inalienable.*—Every assignment of, or charge on, and every agreement to assign or charge, any of the benefits conferred by this Act shall be void and on the bankruptcy of any person entitled to any such benefit, the benefit shall not pass to any trustee or other person acting on behalf of his creditors.

86. *Powers of inspectors.*—(1) An inspector appointed under this Act shall, for the purposes of the execution of this Act have power to do all or any of the following things, namely:—

- (a) to enter at all reasonable times any premises or place where he has reasonable grounds for supposing that any employed contributors or workmen in an insured trade are employed;
- (b) to make such examination and inquiry as may be necessary for ascertaining whether the provisions of this Act are complied with in any such premises or place;
- (c) to examine, either alone or in the presence of any other person, as he thinks fit, with respect to any matters under this Act, every person whom he finds in any such premises or place, or whom he has reasonable cause to believe to be or to have been an employed contributor or workman in an insured trade, and to require every such person to be so examined, and to sign a declaration of the truth of the matters in respect of which he is so examined;
- (d) to exercise such other powers as may be necessary for carrying this Act into effect.

(2) The occupier of any such premises or place and any other person employing any employed contributor or workman in an insured trade, and the servants and

§ 86. agents of any such occupier or other person, and any employed contributor or workman in an insured trade shall furnish to any inspector all such information and shall produce for inspection all such registers, books, cards, and other documents as the inspector may reasonably require.

(3) If any person wilfully delays or obstructs an inspector in the exercise of any power under this section or fails to give such information or to produce such documents as aforesaid, or conceals or prevents or attempts to conceal or prevent any person from appearing before or being examined by an inspector, he shall be liable on summary conviction to a fine not exceeding *five pounds*:

Provided that no one shall be required under this section to answer any question or give any evidence tending to incriminate himself.

(4) Where any such premises or place are liable to be inspected by inspectors or other officers, or are under the control, of some other Government department, the Insurance Commissioners or Board of Trade may make arrangements with that other Government department for any of the powers and duties of inspectors under this section being carried out by inspectors or other officers of such other Government department, and where such an arrangement is made such inspectors and officers shall have all the powers of an inspector under this section.

87. *Short title and commencement.*—This Act may be cited as the National Insurance Act, 1911, and shall, save as otherwise expressly provided by this Act, come into operation on *the first day of May nineteen hundred and twelve*.

SCHEDULES.



FIRST SCHEDULE.

Schedules.

PART I.

EMPLOYMENTS WITHIN THE MEANING OF PART I. OF THIS
ACT RELATING TO HEALTH INSURANCE.

(a) Employment in the United Kingdom, or on any ship registered in the United Kingdom, or on any other British ship or vessel of which the owner, or (if there is more than one owner) the managing owner or manager, resides or has his principal place of business in the United Kingdom, under any contract of service or apprenticeship, written or oral, whether expressed or implied, and whether paid by the employer or some other person, and whether under one or more employers, and whether paid by time or by the piece or without any money payment.

(b) Employment as an outworker in such classes of work as may for the time being be specified in any special order made under Part VI. of the Factory and Workshop Act, 1901.

(c) Employment in the United Kingdom in plying for hire with any vehicle or vessel the use of which is obtained from the owner thereof under any contract of bailment (or in Scotland any contract of letting to hire) in consideration of the payment of a fixed sum or a share in the earnings or otherwise, in which case the owner shall for the purposes of Part I. of this Act be deemed to be the employer.

Schedules.

PART II.

EXCEPTIONS.

(a) Employment in the naval or military service of the Crown, including service in Officers' Training Corps, but excluding service in the Naval Reserves, the Army Reserve, and the Territorial Force except when called out on actual service or on permanent service or on embodiment.

(b) Employment under the Crown or any local or other public authority where the Insurance Commissioners certify that the terms of the employment are such as to secure provision in respect of sickness and disablement on the whole not less favourable than the corresponding benefits conferred by Part I. of this Act.

(c) Employment as a teacher to whom the Elementary School Teachers Superannuation Act, 1898, or a scheme under section fourteen of the Education (Scotland) Act, 1908, or the National School Teachers (Ireland) Act, 1878, applies.

(d) Employment as an agent not ordinarily engaged in any other regular employment paid by commission or fees or a share in the profits, or partly in one and partly in another such ways, and not being ordinarily employed by one employer only.

(e) Employment in respect of which no wages or other money payment is made where the employer is the occupier of an agricultural holding the annual value of which as assessed for the purposes of Schedule A. of the Income Tax Acts is less than *twenty pounds* or where the employer is the parent of, or person liable to maintain, the person employed and that person is under the age of sixteen.

(f) Employment otherwise than by way of manual labour and at a regular salary or other fixed rate of re-

muneration exceeding *one hundred and sixty pounds* a Schedules. year.

(g) Employment of a casual nature otherwise than for the purposes of the employer's trade or business, and otherwise than for the purposes of any game or recreation where the persons employed are engaged or paid through a club, and in such case the club shall be deemed to be the employer.

SECOND SCHEDULE.

RATES OF CONTRIBUTION UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

Employed Rate.

In the case of men: *7d.* a week.

In the case of women: *6d.* a week.

Contributions by Employers and Employed Contributors.

To be paid by the contributor: Men, *4d.* a week;
women, *3d.* a week.

To be paid by the employer: *3d.* a week.

In the case of employed contributors of either sex over the age of 21 whose wages or other remuneration do not exceed *2s. 6d.* a day and who are not provided with board and lodging by their employer, the following shall be the rates of contribution:—

Where the wages or other remuneration do not exceed *1s. 6d.* a day—

To be paid by the employer: For men, *6d.* a week;
for women, *4d.* a week.

To be paid by the contributor: *1d.* a week.

Schedules. Where the wages or other remuneration do not exceed 2s. a day—

To be paid by the employer: For men, 5*d.* a week; for women, 4*d.* a week.

To be paid by the contributor: 2*d.* a week.

Where the wages or other remuneration do not exceed 2s. 6*d.* a day—

To be paid by the employer: For men, 4*d.* a week; for women, 3*d.* a week.

To be paid by the contributor: 3*d.* a week.

THIRD SCHEDULE.

RULES AS TO PAYMENT AND RECOVERY OF CONTRIBUTIONS PAID BY EMPLOYERS ON BEHALF OF EMPLOYED CONTRI- BUTORS UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

(1) The employer shall, except as herein-after provided, be entitled to recover from the employed contributor the amount of any contributions paid by him on behalf of the employed contributor.

(2) Except where the employed contributor does not receive any wages or other remuneration from the employer, the amounts so recoverable shall, notwithstanding the provisions of any Act relating to truck or any contract to the contrary, be recoverable by means of deductions from the wages or other remuneration, and not otherwise; but no such deductions may be made from any wages or remuneration other than such as are paid in respect of the period or part of the period in respect of which the contribution is payable, or in excess of the sum which represents the amount of the contributions for the period in respect of which the wages or other remuneration are paid.

(3) Where a contribution paid by the employer on behalf of an employed contributor is not recoverable by means of deductions as aforesaid, it shall (without prejudice to any other means of recovery) be recoverable summarily as a civil debt, but no such contribution shall be recoverable unless proceedings for the purpose are instituted within three months from the date when the contribution was payable. Schedules.

(4) Where the contributor is employed by more than one employer in any calendar week, the first person employing him in that week or such other employer as may be prescribed shall be deemed to be the employer for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this schedule.

“the first person . . . or such other employer as may be prescribed.”—In my opinion this section requires careful consideration. As drawn, it may prove very harmful to the casual and other labourers. Employers will not be anxious to be the first person in the week to employ such labourers, and the effect may be to force down the wages of the workman.

“as may be prescribed.”—Surely it would be better to thoroughly discuss this question in Parliament instead of leaving the decision to be made elsewhere.

(5) Regulations of the Insurance Commissioners may provide that in any cases or any classes of cases where employed contributors work under the general control and management of some person other than their immediate employer, such person shall, for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this schedule, be treated as the employer, and may provide for allowing him to deduct the amount of any contributions which he may become liable to pay from any sums payable by him to the immediate employer, and for enabling the immediate employer to recover from the employed contributors the like sums and in the like manner as if he were liable to pay the contributions.

Schedules.

(6) Where the contributor is not paid wages or other money payments by his employer or any other person, the employer shall be liable to pay the contributions payable both by himself and the contributor, and shall not be entitled to recover any part thereof from the contributor.

(7) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or otherwise to recover from the contributor the employers' contribution.

(8) Any sum deducted by any employer from wages or other remuneration under this schedule shall be deemed to have been entrusted to him for the purpose of paying the contribution in respect of which it was deducted.

FOURTH SCHEDULE.

BENEFITS UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

PART I.

Rates of Benefits.

TABLE A.—*Ordinary Rates.*

Sickness benefit: during the first thirteen weeks the sum of 10s. a week for men, and the sum of 7s. 6d. for women: for the second thirteen weeks, 5s. a week for men and women alike.

Disablement benefit—the sum of 5s. a week for men and women alike.

Schedules.

TABLE B.—*Reduced Rates in the case of Young Persons.*

Sickness benefit—for males, the sum of 5*s.* a week throughout the whole period of twenty-six weeks.

for females, the sum of 4*s.* a week throughout the whole period of twenty-six weeks.

Disablement benefit—for females, the sum of 4*s.* a week.

TABLE C.—*Reduced Rates for Persons over Fifty in certain cases.*

Where the insured person is over 50 and under 60—

For men, the sum of 7*s.* a week during the first thirteen weeks, and 5*s.* a week during the second thirteen weeks.

For women, the sum of 6*s.* a week during the first thirteen weeks and 5*s.* a week during the second thirteen weeks.

Where the insured person is over 60—

For both men and women the sum of 5*s.* a week throughout the whole period of twenty-six weeks.

See clause 9 (3). This reduction only applies to sickness benefit. It does not modify the right of these persons to disablement benefit; that will still be payable at the full rate.

PART II.

Additional Benefits.

(1) Medical treatment and attendance for any persons dependent upon the labour of a member.

(2) An increase of sickness benefit or disablement

Schedules. benefit in the case either of all members of the society or of such of them as have any children or any specified number of children wholly or in part dependent upon them.

(3) Payment of sickness benefit during the second thirteen weeks of disease or disablement at the same rate as during the first thirteen weeks thereof, or from the first, second, or third day after notice of disease or disablement.

(4) An increase of maternity benefit.

(5) Allowances to a member during convalescence from some disease or disablement in respect of which sickness benefit or disablement benefit has been payable.

(6) The building or leasing of premises suitable for convalescent homes and the maintenance of such homes.

(7) An addition to old age pensions payable under the Old Age Pensions Act, 1908; or the payment of old age pensions at an earlier age than seventy years with an option to the person entitled to take in lieu of such earlier payment a proportionately increased pension at a later age.

(8) Payments to members who are in want or distress.

(9) Payments for the personal use of a member who, by reason of being an inmate of a hospital or other institution, is not in receipt of sickness benefit or disablement benefit.

Schedules.

FIFTH SCHEDULE.

REDUCTION OR POSTPONEMENT OF SICKNESS BENEFIT AND
WHERE CONTRIBUTIONS ARE IN ARREAR.

TABLE.

(1)				(2)	
Where the Arrears amount to				Rates of Sickness Benefit during first Thirteen Weeks.	
				Men.	Women.
				<i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>
4	contributions	a year	on average	9 6	7 3
5	"	"	"	9 0	7 0
6	"	"	"	8 6	6 9
7	"	"	"	8 0	6 6
8	"	"	"	7 6	6 3
9	"	"	"	7 0	6 0
10	"	"	"	6 6	5 9
11	"	"	"	6 0	5 6
12	"	"	"	5 6	5 3
13	"	"	"	5 0	5 0
				5 <i>s.</i> , commencing 5th day after notice	
For both Men and Women.				"	"
				"	"
				"	"
				"	"
				"	"
				"	"
				"	"
				"	"

Notes.

Where the insured person is by virtue of any of the provisions of Part I. of this Act, other than those relating to arrears, entitled to sickness benefit at a rate lower than the full rate, this table shall have effect as if the entries in the first column were so shifted down that the first entry therein was set opposite the entry in

Schedules. the second column next below the entry specifying the rate of sickness benefit to which the insured person is entitled.

When the rate of sickness benefit during the first thirteen weeks to which the insured person is entitled is by virtue of any of the provisions of this Act, other than those relating to arrears, less than 5s. a week, this table shall have effect as if such lower rate were therein substituted for the rate of 5s. a week.

See clause 10.

This schedule is only in respect of an employed contributor.

The reductions in the case of voluntary contributors have not yet been prescribed.

SIXTH SCHEDULE.

LIST OF INSURED TRADES FOR THE PURPOSES OF PART II.
OF THIS ACT RELATING TO UNEMPLOYMENT INSUR-
ANCE.

(1) Building; that is to say, the construction, alteration, repair, decoration, or demolition of any building or any part thereof.

(2) Construction of works; that is to say, the construction, reconstruction, or alteration of railroads, docks, harbours, canals, embankments, bridges, piers or other works of construction.

(3) Shipbuilding; that is to say, the construction, alteration, repair or decoration of ships, boats or other craft or any parts thereof, and of the tackle thereof, by persons not being members of a ship's crew.

(4) Mechanical engineering, including the manufacture of ordnance and firearms.

(5) Construction of vehicles; that is to say, the construction and decoration of vehicles or any parts thereof.

SEVENTH SCHEDULE.

RATES AND PERIODS OF UNEMPLOYMENT BENEFIT.

In respect of each week following the first week of unemployment:—

in the case of a workman engaged in building or construction of works: 6s.

in the case of a workman engaged in mechanical engineering, shipbuilding, or construction of vehicles: 7s.

or such other rates as may be prescribed either generally or for any particular trade or any branch thereof.

No workman shall receive unemployment benefit for more than fifteen or such other number of weeks as may be prescribed either generally or for any particular trade or branch thereof within any period of twelve months, or in respect of any period less than one day.

No workman shall receive more unemployment benefit than in the proportion of one week's benefit for every five contributions paid by him under this Act, or in such other proportion as may be prescribed either generally or for any particular trade or branch thereof.

Provided that for the purpose of the foregoing paragraph—

(a) in the case of a workman who satisfies the Board of Trade that he has habitually worked at an insured trade before the passing of this Act, there shall be deemed to be added to the number of contributions which he has actually paid five contributions for each period of three months or part of such period during which he has so worked before the passing of this Act, up to a maximum of twenty-five contributions; and

(b) where contributions are paid under Part II. of this Act in respect of any workman at intervals

Schedules.

greater than a week, that workman shall be entitled to treat each contribution as so many contributions as there are weeks in the intervening period.

Any time during which a workman is under Part II. of this Act disqualified for receiving unemployment benefit shall be excluded in the computation of time under this schedule.

A period of unemployment shall not be deemed to commence till the workman has made application for unemployment benefit in such manner and fulfilled such other conditions as may be prescribed.

The power conferred by this schedule on the Board of Trade to prescribe rates and periods of unemployment benefit shall not be exercised so as to increase the rate of benefit above *eight shillings* per week or reduce it below *six shillings* per week, or to increase the period of unemployment benefit above fifteen weeks, or to alter the proportion which the period of benefit bears to the number of contributions paid, except by rules confirmed by an order made in accordance with the provisions of Part II. of this Act relating to special orders.

EIGHTH SCHEDULE.

CONTRIBUTIONS FOR THE PURPOSES OF PART II. OF THIS
ACT RELATING TO UNEMPLOYMENT INSURANCE.

PART I.

RATES OF CONTRIBUTION FROM WORKMEN AND
EMPLOYERS.

From every workman employed in an insured trade
for every week he is so employed, $2\frac{1}{2}d$.

From every employer by whom one or more work- Schedules.
men are employed in an insured trade, in respect
of each workman, for every week he is so em-
ployed, $2\frac{1}{2}d$.

Every such period of employment of less than a week shall for the purposes of this part of this schedule be treated as if it were employment for a whole week.

PART II.

RATE OF REDUCED CONTRIBUTION BY EMPLOYER.

For the calendar year or any part thereof, 15s.

NINTH SCHEDULE.

PROVISIONS OF THE FACTORY AND WORKSHOP ACT, 1901,
APPLIED TO SPECIAL ORDERS MADE UNDER PART II.
OF THIS ACT RELATING TO UNEMPLOYMENT INSUR-
ANCE.

80.—(1) Before the Board of Trade make any special order under this Act, they shall publish, in such manner as they may think best adapted for informing persons affected, notice of the proposal to make the order, and of the place where copies of the draft order may be obtained, and of the time (which shall be not less than twenty-one days) within which any objection made with respect to the draft order by or on behalf of persons affected must be sent to the Board of Trade.

(2) Every objection must be in writing and state—

- (a) the draft order or portions of draft order objected to;
- (b) the specific grounds of objection; and
- (c) the omissions, additions, or modifications asked for.

Schedules.

(3) The Board of Trade shall consider any objection made by or on behalf of any persons appearing to them to be affected which is sent to them within the required time, and they may, if they think fit, amend the draft order, and shall then cause the amended draft to be dealt with in like manner as an original draft.

(4) Where the Board of Trade does not amend or withdraw any draft order to which any objection has been made, then (unless the objection either is withdrawn or appears to them to be frivolous) they shall, before making the order, direct an inquiry to be held in the manner herein-after provided.

81.—(1) The Board of Trade may appoint a competent person to hold an inquiry with regard to any draft order, and to report to them thereon.

(2) The inquiry shall be held in public, and any objector and any other person who, in the opinion of the person holding the inquiry, is affected by the draft order, may appear at the inquiry either in person or by counsel, solicitor, or agent.

(3) The witnesses on the inquiry may, if the person holding it thinks fit, be examined on oath.

(4) Subject as aforesaid, the inquiry and all proceedings preliminary and incidental thereto shall be conducted in accordance with rules made by the Board of Trade.

(5) The fee to be paid to the person holding the inquiry shall be such as the Board of Trade may direct and shall be deemed to be part of the expenses of the Board of Trade in carrying this Act into effect.

APPENDIX A.

NATIONAL INSURANCE BILL.

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EXPLANATORY MEMORANDUM.

Health Insurance Scheme.

1. OBJECTS.

The Bill is intended to effect as wide an insurance as possible of the working population against *sickness and breakdown*. It is also intended to make the Bill as far as possible a preventive measure operating to reduce the amount of sickness. Both the Majority and Minority Reports of the Poor Law Commission call special attention to the utter inadequacy of our methods for preventing and curing sickness amongst the industrial classes. This Bill contains several provisions designed to amend this unsatisfactory state of things. In other words, it is, as described in the title, a Bill for "National Health Insurance and the Prevention of Sickness," the title "Invalidity Insurance" being by no means a suitable one for English purposes.

The plan differs from the German scheme of sickness and invalidity insurances in the following respects:—

- (1.) It is proposed that under proper safeguards the administration of the fund should be handed over to the great friendly societies either already established in this country or hereafter to be founded under the Act. As all deficits due to malingering will have to be borne either in levies or loss of benefits by the members of a defaulting society, and not by the State or the employer, there is every inducement to economy. Bad management will be promptly and effectively penalised. Good management will be rewarded.

In Germany the system is much more bureaucratic in its management, and does not nearly to the same extent adopt the principle of self-government.

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- (2.) In starting a universal scheme there must necessarily be a very heavy burden during the earlier years of its operation, owing to a large number of persons entering it at an age when their contributions are actuarially inadequate to ensure the benefits guaranteed by the Bill. Unless financial arrangements are made to liquidate the loss so arising it will fall on future generations of insurers.

The finance of the present scheme will be so arranged that the deficiency inevitable in starting a scheme which includes all ages shall in fifteen to sixteen years be completely wiped out. At the end of that period the administrators of the funds will be in a position to declare increased benefits, *e.g.*, the reduction of the pension age.

- (3.) The fact that the superannuation of all persons over 70 is undertaken by the Government in this country, whereas in Germany it is a burden on the contributory scheme, makes an enormous difference in the rates of weekly payments, which suffice under the proposed scheme to produce higher benefits than those conferred by the German scheme. Moreover, the German Government makes no contribution to the cost of sickness as distinguished from invalidity, whereas the present scheme proposes to pay one-quarter of such cost in the case of women and two-ninths in the case of men.
- (4.) There are several other points of difference between this scheme and the German system, *e.g.*, it is not proposed to adopt the German plan of dividing the industrial population into four classes according to the rate of wages earned—and not, as in Germany, to set up separate machinery for sickness and invalidity. By taking this course, and by the machinery which has been adopted for the collection of contributions, the inconvenience and trouble likely to be caused to employers will be greatly diminished.

There are other points of variation, notably in the measure of control given to the workmen, which will appear later on. Another paper is being circulated to give particulars of the German insurance.

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2. SCOPE OF SCHEME.

The Bill will extend to the whole of the United Kingdom.

The Bill will partly rest upon compulsion. It is proposed that the insurance moneys should in part be collected at the source by deductions from wages. It is therefore necessary to decide how far this compulsion should go, that is, what classes of persons should be compulsorily included and what should be the position of persons who choose to join the scheme voluntarily. The following proposals are made:—

The compulsory deduction from wages will extend to all persons of whatever nationality under contract of service, whether paid by the hour, day, week, month, or year, to include artisans, mechanics, miners, clerks, shop assistants, servants, sailors in the mercantile marine, unpensionable employees of local authorities, railway employees, golf caddies, &c., &c.

The compulsory deduction will also extend to out-workers in such classes of work as may be covered by order of the Home Office under the Factory and Workshop Act, 1901. It will also include cases of joint employment, *e.g.*, employment in a mine through gangers, the mine-owner being made responsible.

It will not extend to—

- (1.) Agents paid by commission or fees, and employed by more than one employer.
- (2.) Such persons as washerwomen, sempstresses, &c., executing small orders on their own account.
- (3.) Wives employed by husbands.
- (4.) Extremely precarious personal employments, *e.g.*, luggage carriers, not connected with a trade or business.
- (5.) Casual domestic employment.
- (6.) Jobbing occupations, *e.g.*, gardeners, if working on their own account.
- (7.) Persons receiving more than 160*l.* a year from their employers by way of salary.
- (8.) Soldiers and sailors, who will be dealt with separately. A reduced deduction from wages will be made in these cases (the soldier, sailor, &c. being cared for while in the service of the Crown) to provide the necessary reserve against the time when the service ceases, with further assistance from public funds to make special provision for invalid soldiers and sailors.

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(9.) Pensionable employees of the Crown or of local authorities.

The Treasury will have power by regulations to extend the compulsory deduction from wages to other classes of employees not included in the definition.

In the case of persons employed for no money wage, or appointed by one person and paid by others, the employer will be made responsible for seeing that the person employed is insured.

The class of persons such as cab-drivers or boatmen, who live by "working" a cab or boat for which they pay the employer, will also be included.

There is a large class of persons who only go into employment occasionally (say, for a period of less than thirty-nine weeks in the year), and it may be considered that there is no reason why the State should require such persons to insure themselves, as it is unfair to enforce contributions which might never materialise into benefits. Exemption from deductions from wages will, therefore, be allowed on request in such cases to (1) persons who prove that they have a pension or income of 26*l.* a year; (2) married women and persons dependent on the labour of other persons who do not habitually go to work in one of the employments which fall within the initial definitions. The employer will be liable to contribute in such cases.

So far as the Bill does not rest upon compulsion as above defined, it is proposed to allow all other persons to join the scheme or not as they may choose, provided that they are engaged in some occupation by which they seek their livelihood. It has been necessary to exclude married women (non-workers) from insurance, because it is impossible to devise any scheme to control claims for sick pay in such cases.

3. CONTRIBUTIONS.

Contributions will cease at 70. Persons over 65 years of age at the commencement will not be taken into insurance.

The rates for employed persons will be uniform—

For men, 4*d.* a week, deductible from wages.

For women, 3*d.* a week, deductible from wages.

For the employer, 3*d.* a week for both sexes.

The State's contribution will be the payment of two-ninths of the benefits in the case of men, and one-fourth in the case of women. It will not be paid in the case of

persons of foreign nationality who have not become naturalised. App. A.

These contributions will be subject to a variation in the apportionment as between employer and employee in the case of persons over the age of 21 where the person employed does not receive "board and lodging," as under:—

If the wages do not exceed 1*s.* 6*d.* a day, the employer is to pay 6*d.* for men, 5*d.* for women; the employee is to pay 1*d.*

If the wages do not exceed 2*s.* a day, the employer is to pay 5*d.* for men, 4*d.* for women; the employee is to pay 2*d.*

If the wages do not exceed 2*s.* 6*d.* a day, the employer is to pay 4*d.* for men, 3*d.* for women; the employee 3*d.*

If the wages exceed 2*s.* 6*d.* a day, the employer is to pay 3*d.*; the man 4*d.*, the woman 3*d.*

Persons who are entitled to insure voluntarily, and who are under the age of 45 at the commencement of the scheme, will be given six months to join the insurance on paying 7*d.* (if men), 6*d.* (if women). Such persons if over 45 and persons under 45 joining subsequently to the six months will be required to pay rates increasing according to their ages, in no case less than 7*d.* (or 6*d.*).

4. BENEFITS.

The contributions have been calculated to enable the approved societies who administer them (see heading 5 below) to grant certain minimum benefits, and if the societies manage their business prudently they will also be able to grant some one or more of certain additional benefits.

The minimum benefits will comprise—

(a) Medical attendance throughout life for the person insured. The societies will be responsible for making arrangements with doctors for attending upon sick members, but prohibited from making any arrangement under which the doctor would be required to provide medicine for any insured person. The societies will have to provide these expenses themselves, except in special circumstances in rural districts.

(b) 1*s.* 3*d.* a head annually for a sanatorium fund throughout life. It is further proposed to pay a capital sum of 1,500,000*l.* into a special fund to be used in making grants for building sanatoria, on condition that funds are also raised

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locally, and to make an additional yearly grant of 1*d.* per member to the sanatorium fund as explained later. The total income available for preventive work is thus 1*s.* 4*d.* a head annually, and it should be added that power is taken to use the additional grant of 1*d.* for research purposes.

- (c) 10*s.* a week in sickness for men and 7*s.* 6*d.* a week for women for 13 weeks from the fourth day of sickness, in each case, and 5*s.* for the next 13 weeks. Members over 50 and under 60, who have not made 500 contributions, will receive 7*s.* a week only for the first 13 weeks if men, and 6*s.* only if women; and if over 60 such members will receive 5*s.* in both cases.
- (d) 5*s.* for the remainder of sickness.
- (e) A maternity benefit of 30*s.* payable from the father's insurance unless the mother is an insured person, when it will be paid from her insurance.

Benefits (c) and (d) cease at 70 for both sexes.

Young (unmarried) persons under the age of 21 will receive smaller benefits under (c) and (d) at the rate of 5*s.* for the boys and 4*s.* for the girls.

Boys and girls under the age of 16 will only be entitled to medical attendance and sanatorium treatment, the balance of their contributions being accumulated in order to enable the whole scheme to be extended at an earlier date than would otherwise be possible.

According to the actuarial calculations which have been made the proposed contributions will provide a margin of approximately 10 per cent. in addition to the amounts required for the payment of the minimum benefits, the societies' costs of administration, and the liquidation of the original deficit in fifteen to sixteen years.

This margin will, if the actuarial anticipations are realised, be made available for the grant of "additional" benefits, as provided for in the Bill, as soon as experience shows that it can safely be devoted to that purpose.

Well-managed societies will thus almost from the outset be able to make a very substantial addition to the standard schedule of benefits, while in all cases the existence of the margin will operate to prevent deficiencies arising from casual and accidental variations from the assumed rates of sickness, and so as a rule to obviate the necessity for bringing into operation the special machinery necessary for

dealing with such deficiencies, viz., levies upon members or reduction of benefits below the standard schedule.

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The additional benefits will include such benefits as the following:—

- (1.) Free medical attendance for dependants.
- (2.) Benevolent fund for distressed members.
- (3.) Extension of period of full sick pay to 26 weeks; granting sick pay from first or second day of sickness; increasing sick pay either in all cases or in the case of married men with large families.
- (4.) Convalescent allowances in selected or necessary cases. Building and maintaining convalescent homes.
- (5.) "Pocket money" for men in hospital or convalescent homes, who are being paid for.
- (6.) Additional invalidity or superannuation benefit, or addition to old age pension. For instance, the societies might (when their funds permit) begin to grant a pension before 70, with an option to the recipient of taking an increase to his old age pension if he prefers to wait till 70.
- (7.) An extension of the maternity benefit.

The Bill will require the societies to grant a reduced benefit under (c) and (d) in cases where those benefits are more than two-thirds of the wages earned by the insured person—compensation for the reduction being made by the grant of one or more additional benefits of a value equivalent to the reduction. The insurance office's consent would be necessary to any such adjustment of benefits. The power so granted may also be used in other cases with the consent of the insurance office.

The Bill will specify some of the conditions under which the benefits will be payable, the remainder of the conditions for the minimum benefits and all conditions for the grant of additional benefits being left to regulations to be drawn up with the help of the committee to be appointed under the Bill (see later under the heading "Miscellaneous," p. 233).

All societies in administering the benefits will be required to conform to those conditions which are embodied in the Bill or regulations. Those of them which are not so prescribed will be left to the rules of the societies:—

- (a) Medical attendance.—This will commence on entry into insurance (except for the first six months of the operation of the Act), and run throughout life.
- (b) The rules as to sanatoria will be made by the "Local Health Committee," as to which see later.

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(c) and (d) Temporary and permanent sickness.—The following rules or regulations will apply:—

(i.) That notice of sickness must be given to the society.

(ii.) That sick pay will only commence as from the fourth day after such notice has been delivered; no payment being in fact made for the first three days.

(iii.) That the member must prove that he has been rendered unfit to provide his maintenance by some specified sickness or physical or mental disablement.

(iv.) Rules will be sanctioned to prescribe the periods for which a doctor's certificate will be required, *i.e.*, whether a certificate must be produced once a week, or once a fortnight; and to deal with the case of members resident at some distance from the offices of their society.

(v.) Rules will be sanctioned for the behaviour of members during sickness, but strict compliance with the directions of the doctor will be required. Societies will have to arrange for women visitors to visit women.

(vi.) A waiting period of six months has been laid down for the temporary sickness benefit, and of two years for the permanent invalidity benefit.

(vii.) Societies will be allowed to follow their own rules for refusing sick pay in the case of sickness brought on by the member's own misconduct. They will, however, be required to give medical attendance in such cases, even if sick pay is refused.

(viii.) If a member has received temporary sick pay and recovered from his sickness and falls sick a second time, such second sickness will be reckoned as continuous with the first, unless a period of 12 months has elapsed and the member has followed his usual occupation and paid his contributions.

(ix.) The societies will be given power to impose fines not exceeding 20 shillings for repeated offences and to suspend payment of benefit for a period of not more than one year for any violation of the above conditions, or for imposing on the funds, or for refusing to obey the rules of the society. They will also be given power of expulsion as indicated later.

(x.) Sick pay (temporary and permanent) will not be paid except by way of advance to persons

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entitled to compensation under Act of Parliament or the common law, unless the amount of such compensation is less than the benefit to which the member is entitled, when the difference will be made up. Advances will be recoverable by legal process or deducted from future benefits.

Alternatives have been inserted giving the societies power (1) to take legal action in support of a member's claim, and (2) to refuse payment of benefit if the person injured does not take action. The societies will of course be liable to costs if they take action and lose the case. If they win the case they will be made trustees of any sum awarded. Also, the consent of the society has been made necessary for the acceptance of any lump sum in voluntary commutation of a weekly payment, and it has been left to the societies, subject to appeal, to determine the amount of the set-off from benefits under this Act when a lump sum is paid. Where a lump sum is awarded by the Court, the award will be communicated to the approved society concerned.

(e) *Maternity benefit*.—Societies will not be allowed to pay this benefit in cash to the insured person or her husband, but will be required to pay expenses incurred up to the sum of 30s. under prescribed conditions.

Non-assignment of Benefits.

A clause has been inserted prohibiting the sale, transfer, pledging, or assignment of benefits.

A clause is also inserted to the effect that when a member becomes an inmate of a hospital, asylum, infirmary, or workhouse under the charge of any public authority, or of any charity, no money benefit shall be allowed unless he has a wife or children or other relatives dependent upon him for support, when the amount due shall be paid for their relief and maintenance.

Societies will be given power to make agreements to pay the money benefit towards the maintenance of members who are taken into convalescent homes whose rules require the payment of at least one-half of the cost of maintenance; and also, they will be authorised to grant subscriptions, at their discretion, to hospitals and other charities, and to district nurses.

As regards Women.

Women marrying and ceasing to be employed within the meaning of the Act will not be insured. If they become

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widows, and go into employment, they will be entitled at once to rejoin the insurance. So, too, women now married who become widows after the Act has come into operation, if they then go into employment, will be entitled to be insured at the rate applicable to employed people (with the full waiting periods). The right so given to women to insure late in life is a very valuable one. Married women who go to work will be insured under the same conditions as other persons as regards arrears; but, as already indicated, they will be entitled to claim exemption if their employment is irregular. Arrears accruing during marriage will be wiped out on widowhood. The effect of these provisions is that, if an insured woman is left an invalid at her husband's death, she at once gets the benefit of her own insurance.

Transfers from the Class of Employed Persons to the Class of Voluntary Members, and vice versâ.

A difficulty arises for which it is necessary to make rules, owing to the fact that there will be a number of voluntary members liable to pay a higher rate of subscription than the employed rate. Such persons will therefore desire to pose as employed members in order to obtain the benefit of the lower rate; and it is necessary to protect the societies and the insurance funds against such imposition.

The following rules are necessary:—

- (1.) Persons who enter the scheme as employed members will be charged the employed rate and will be allowed to remain at that rate if they remain in employment for a period of five years. When they enter a society they will be required to furnish evidence that they are regularly employed.
- (2.) Persons who go into employment, having been previously insured as voluntary members at a higher rate than the employed rate, will not be treated as having become employed members. If, however, they become regularly employed persons, they will be insured as such for what the contributions which they pay, or have paid, are worth.
- (3.) Non-payment of contributions by employed persons will be dealt with as follows:—
 Non-payment due to sickness will be disregarded.
 Non-payment due to unemployment not amounting to four weeks a year on average will be disregarded. Beyond this sickness bene-

fit will be reduced or postponed, but if the non-payment exceeds thirteen weeks a year on average the member will be suspended from benefits.

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Voluntary members who fall into arrear will be dealt with specially.

Members in arrear will be given the right to pay arrears of contribution which have occurred in the current and previous calendar year with interest at 3 per cent. The societies will be protected against such payments being made when sickness has commenced, or just before it, with a view to obtaining full benefit, and a period of one month has been proposed as a protection against abuse of the insurance in such cases.

Immigrants coming on to the scheme late in life will be compulsorily insured for the proportion of the benefits only which their own and their employers' contributions are worth. It has seemed necessary to provide that other persons who are driven into employment late in life, or who re-enter after exclusion, should be insured for reduced benefits; they will, however, be given a minimum insurance of not less than 5s. a week, corresponding with the insurance granted to a person who is in the maximum amount of arrears, even if the employed rate is not sufficient to grant this minimum insurance, and the society accepting such a member will be given credit by the Government at the expense of the whole insurance for the deficit caused by so accepting him according to the tables which will be prepared. It may be pointed out that, if such persons were given the full insurance, they would be treated as well as people who had previously insured themselves voluntarily, and better than employed persons of the same age who were to any extent in arrear with their contributions. The amounts previously paid by way of voluntary insurance by any person coming on to the scheme late in life as an employed person will be credited to his insurance.

An exception will be made in favour of persons whose education is continued beyond 16.

5. MACHINERY FOR DISTRIBUTION OF BENEFITS.

The machinery will consist of—

(A.)—Approved societies.

(B.)—A Post Office system, set up by the Government for the benefit of those persons who fail or neglect to join a society, or are rejected.

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(A.)—APPROVED SOCIETIES.

The conditions of approval comprise:—

- (1.) Absolute self-government.
- (2.) Not working for a profit.
- (3.) Election of all committees, representatives, &c. by the members in accordance with rules approved by the insurance office or regulations drawn up under the Act.
- (4.) A minimum number of 10,000 insured persons under the Act.
- (5.) Local as well as central control of arrangements for medical attendance and payment of sickness benefit and appeals. For all questions arising under the Act societies will be required to provide for a final appeal to arbitrators appointed by the insurance office.
- (6.) Giving security by the deposit of sufficient stock or in some other way to compensate the Government for any malversation by officers.
- (7.) Keeping separate accounts for the State scheme.
- (8.) Complying with the provisions and requirements of the Act.

It will be open to any society which satisfies the conditions to become an approved society, and it will not be asked to apply any of its existing funds for the purposes of the new scheme, even though they have been contributed in respect of benefits now included in that scheme.

All the great friendly societies and trades unions will be able to comply with these conditions. By doing so they will not sacrifice their independence or their right to select members. The Government inspection and supervision to which they will be liable is only devised in the interest of the members themselves to secure the proper administration of the funds, and should strengthen the position of the managing committees in well managed societies.

Under the heading (4), the minimum of 10,000 has been adopted for Great Britain, 5,000 for Ireland; but this number will not apply to superannuation funds established by employers. It may be explained that a fairly high number is necessary to prevent an unreasonable number of cases occurring in which further levies from members might prove necessary, putting employers and employed to considerable inconvenience. As only one employer is concerned in the case of a superannuation fund, it makes less difference in such a case if a levy is necessary.

It should be added that societies which do not contain the prescribed number, 10,000, will be able to join or form an association or society of societies containing that number. The terms of such association must be that the societies forming it agree to conform to the conditions subsequently laid down for dealing with surpluses and deficits. Societies which are members of such associations (whether existing or to be formed) will apply for approval and give security through the central body of the association. Such associations must make provision in their rules for settling disputes and for the government of the association, and it is clear that societies forming such associations will be able to maintain a stronger independence through their associations than they could maintain separately.

Under the heading (5), societies which are managed by delegates, or where voting by proxy or by post is permitted, and which carry on business at a distance from their head offices, will be required to set up local committees, elected by all the members of the society residing in the district, for determining claims and supervising the administration of benefits in the district. A district has been defined as "a locality in which there are 1,000 members in the State insurance," and societies are required to set up a committee for every 1,000 members as a maximum, and further required upon a request of 50 members to set up a committee for every group of 250 members as a minimum not more than 3 miles distant from the nearest branch office.

Power has also been taken to prescribe the place of meeting of societies.

Under heading (6), the Government will be given power to require security by the deposit of sufficient stock out of the funds of societies and to refuse approval to a society that is not prepared to make a deposit of stock up to the amount of half the annual contributions of the members of the society in the scheme.

Security will also be accepted in other forms at the discretion of the insurance office.

Requirements of the Act with which Approved Societies must Comply.

(1.) To keep their books and accounts, so far as relates to the State scheme, in the form to be prescribed by the committee with the approval of the Treasury.

(2.) To submit all such books and accounts to Government audit when required. It is proposed that the Government should undertake the work of auditing the State funds.

(3.) To submit to a Government valuation at intervals

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(4.) To conform to the requirements of the Act in the event of any surplus or deficiency being shown on a valuation.

(5.) In the case of societies which are members of an association, to remain members of the association to which they belong, unless secession or dissolution is sanctioned as specified later.

(6.) To provide for an appeal to arbitrators appointed by the insurance office in the event of any dispute between societies or between members arising out of the operation of the Act.

(7.) To conform in other respects with the provisions of the Act.

Special Provisions re Superannuation Funds established by Employers.

All the requirements of the Act, except those regarding the minimum number of 10,000 members, will apply to such funds, if they are to be given the privileges of approved societies.

A special provision has been inserted authorising employers, subject to the qualification mentioned below, to deduct an amount equivalent to the contribution to be made by them under the Act from any future contribution which, by existing Act or deed, they have bound themselves to make to benefits similar in kind to those provided by the Bill. Such alteration of the effect of any existing Act or deed will only take effect as from the date when the present Act comes into operation, and all rights, titles and benefits to which members have in any way become entitled under the present constitution of such funds before that date will be preserved. The deduction will be required to be limited accordingly to such an amount as can be made consistently with the maintenance of such rights, titles and benefits.

Members of such funds will be given the right of voting on any modification of existing rules proposed under the preceding paragraph, and all modifications of existing schemes will be submitted for approval. Any member of such a fund will be given the right at any time to transfer his subscription and his employer's share with it to another society, if he prefers to be insured in that way, and the fund will carry out the transfer as a transfer between societies in the manner specified below.

It has been necessary to deal with the question of the employer's representation in the management of such funds,

and a clause has been inserted allowing the employer one-fourth representation if he makes himself responsible for the solvency of the fund, and excluding him from representation in other cases, except to the extent to which he contributes more than the proportion represented by the amount payable by him under this Act.

Membership of Societies.

Subject to the provisions of the Bill, membership will be governed by the existing rules of friendly societies. Transfers from one society to another will be carried out by the transfer of the amount appropriate to the member's age, according to a table which will be prepared, subject to appropriate deductions in the event of the member being in arrear or the society being in deficiency. A clause has been inserted, requiring a society which expels a member who is unable to find another society to take him, to pay over to the insurance office the money appropriate to the member's age.

Expelled members will be given a right to appeal to the insurance office arbitrators.

Management Expenses.

The contributions are calculated to cover management expenses. A separate account must be kept for management expenses, and the Government will contribute its proportion of such expenses.

Emigrants.

Members will be entitled to a transfer to a colonial society at the usual transfer rates. The insurance office will compile a list of colonial societies approved for the purpose, who grant reciprocal treatment to their own members migrating to this country. A clause will provide for reciprocity with colonies and foreign countries having state schemes of insurance. Persons in receipt of permanent sick allowances going abroad without the consent of their societies will forfeit benefits.

Investments.

Any sums standing to the credit of a society will be invested by the Government through the National Debt Commissioners. These funds will be available for making loans under the Housing Acts.

App. A.*Equalising Clause as between Societies accepting Members of Different Ages.*

Inasmuch as societies will be allowed to retain their own independence and carry on business in the method to which they are accustomed, some arrangements must be made to equalise the position as between societies consisting of old or of young members. If there were only one fund and one society no difficulty would arise. The age distribution of such a society would be normal at the commencement, and as it would get its full and proper proportion of new entrants it would remain normal throughout. But as it is, there are over 20,000 societies and branches with the greatest possible variety in age distribution. It is not proposed to break up and reconstitute these societies, nor is it desirable or necessary to do so. But it is necessary to put every society on exactly the same footing:—

- (1.) For the purpose of the State valuation.
- (2.) As regards its financial position if it takes the older lives into insurance.

This has been effected in the following way:—

Inasmuch as the State is covenanting to pay two-ninths of the benefits for men (one-fourth for women), every society will necessarily be in a solvent condition if it has seven-ninths for men (three-fourths for women) of the contribution necessary as regards members joining it at the age of sixteen—the age when the insurance commences, and as from which all calculations for the purpose of the insurance have been made. For members joining at any age over 16, societies in order to be solvent should also hold seven-ninths for men, and three-fourths for women, of the reserves appropriate to the members' ages. These reserves they will not, of course, hold at the commencement of the scheme, and it is therefore necessary to create them in the form of a paper debt, at the cost of the whole insurance. This debt will be credited to the various societies, and will carry interest in the accounts at 3 per cent. Debt and interest will be redeemed by the investment of two-ninths for men (one-fourth for women) of the contributions paid by insured persons. In this way every society is put upon an equal footing of solvency as regards the acceptance of members. If a society has an age distribution of members which is exactly normal in accordance with the calculation of the Government's actuaries, the reserves credited to it in the form of the paper debt would be paid off by the investment of the two-ninths (and one-fourth) of the con-

tributions. If a society admits younger members, the excess of their contributions is available to pay the debt credited to a neighbouring society which admits older members. No one society, therefore, can get an advantage over another society by admitting members at the younger or older ages.

The proportion of the contribution which societies have to surrender is the proportion represented by the Government grant of two-ninths (or one-fourth) of the benefits. It is true, therefore, at the commencement that young persons of 16 years of age in fact get no value from the Government grant—for the Government pays two-ninths (or one-fourth) of the benefits and takes two-ninths (or one-fourth) of the contribution. But for every age over 16 the society to which every insured person belongs from the commencement receives in the insurance a credit appropriate to his age-risk carrying interest at 3 per cent., and this credit represents the value to him and his employer of the Government insurance. The credit is of course greater at the higher ages, and it is for this reason that a somewhat reduced insurance is given to persons over 50 years of age and that persons over 65 are excluded.

It is impossible without great complications under a universal scheme of insurance with a uniform rate of premium to devise a scheme under which every insured person from the commencement would receive exactly equal treatment. Equality of treatment can only be reached when the original deficit due to the inclusion of the older lives has been wiped off. Meanwhile, under the provisions of the Bill the younger generation will receive the full value of their own and the employers' contribution, and it is proposed in the Bill that when the deficit has been wiped off, and it becomes possible to extend the benefits conferred by the insurance, regard in the extension should be had to their ages when they joined the insurance. The value of the promise thus made to the younger generation is shown in the financial statement which will be circulated.

It should be added here that the Bill proposes that the insurance fund should be rolled up by the operation of the provisions above explained until it is sufficient to provide interest at 3 per cent. on all amounts then standing to the credit of societies. The advantages of this proposal are that it enables all valuations meanwhile to be conducted on a 3 per cent. basis, and that it makes a capital valuation of the fund unnecessary. When the scheme is extended, Parliament will be able to make such arrangements as may be reasonable for dealing with the capital account or changing the rate of interest adopted for valuation purposes.

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VALUATION OF SOCIETIES.

(A.) Surpluses.

If a surplus is found upon a valuation of a society, which is not a member of an association of societies, the society will be entitled to prepare a scheme for granting one or more of the additional benefits specified in the Act. The consent of the insurance office will be necessary before such a scheme can be brought into operation.

If a society showing a surplus is a member of an association of societies, it will be required to transfer one-half of any surplus to the central fund of the association, and with the approval of the association and of the insurance office it will be entitled to introduce one or more of the additional benefits. An association of societies will be entitled to introduce additional benefits for all its branches, when its central fund is sufficient for the purpose, subject to the consent of the insurance office.

(B.) Deficits.

If a deficiency is found, the society will be required to prepare a scheme for extinguishing the deficiency. Such a scheme may provide for—

- (a) A levy upon all members of the society.
- (b) A reduction of the temporary sickness benefit.
- (c) A postponement of sickness benefit, or an extension of the period of twelve months mentioned above between payment of full sickness benefit.

All such schemes must receive the approval of the insurance office.

If a society with a deficit is a member of an association, the deficiency must in the first instance be made good from any surplus in the hands of the association; but the governing body of the association, if it alleges maladministration on the part of the branch society, will be entitled, subject to an appeal to the insurance office, to refuse to make any grant from surpluses.

If within six months after the declaration of a deficit no such action should be taken as may be reasonably expected to make good the deficiency in the affairs of the society within a period of three years, the insurance office is empowered and required to take over the administration of the statutory powers and funds of the society and to take steps to recover as quickly as possible the amount of

the deficiency by any or all of the methods above indicated. For the purpose of these clauses further contributions will be enforced if necessary by a deduction from wages as indicated below. Members joining a society in which a deficiency has been declared after the declaration of the deficit will not be required in any way to make good such deficit. Members leaving a society in similar circumstances will be charged with their proper proportion of the deficit. Any dispute as to the amount of the deficit or as to the adequacy of the provision proposed for extinguishing it will be decided by an independent referee to be appointed by the Lord Chief Justice in England and Ireland, and the Lord President in Scotland. If a society is found to be in deficiency at any time after the approval of a scheme for granting additional benefits, payment of such additional benefits will be suspended.

Excessive Sickness in Certain Trades, &c.

If one or more societies allege that excessive sickness has been caused among their members by the conditions or nature of employment in some trade or trades, or in certain shops or factories in which their members are employed, they will be entitled to demand an enquiry into the conditions of the trade, shop, or factory. If it is found on such enquiry that there has been among members of the societies engaged in the particular trade, shop, or factory concerned during a period of not less than three years an amount of sickness exceeding by ten per cent. the average expectation of sickness, as shown by the table which the Treasury will publish for the use of persons making valuations under the Act, the employer will be required to make good the extra expense incurred by the societies through such excessive sickness.

This provision will of course exclude any sickness or disease which is a subject of compensation under the Workmen's Compensation Act.

Excessive Sickness in any Locality.

The powers of societies as regards such sickness will be defined later under the heading "Local Health Committee" (pp. 229-232).

New Societies, Secessions, &c.

The orders and associations will have the power now given to them by the Friendly Societies Acts of opening

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New societies which are not branches of existing societies may only be opened upon the insurance office being satisfied with the security offered, and upon the necessary minimum number of members being enrolled.

Dissolution of an approved society will only be allowed with the consent of the insurance office, proper provision being made for the State members.

Secessions from Orders and Associations.

The present law will apply. Affiliated societies may only secede after complying with the terms of their agreement with the order or association to which they belong. The further condition will be imposed that the consent of the insurance office will be necessary.

Withdrawal of Approval.

The insurance office will be given the right to withdraw approval from any society failing to comply with the provisions of the Act, or of any Act regulating its constitution. The funds of any such society will be used to provide, so far as they will go, for the transfer of the members to other societies or to the Post Office insurance.

(B.)—THE POST OFFICE DEPOSIT INSURANCE.

Persons liable to the compulsory deduction from wages, who fail to join a society or are rejected or expelled by a society and who cannot get another society to take them, will be dealt with through the Post Office. Their names and addresses will be ascertained and the insurance will be conducted as follows:—

The cards first issued for the collection of contributions (see later) will be made current for a period of four or five months only. After that period new cards will be issued free to members through the societies and to other compulsorily insured persons through the Post Office upon the name and address being furnished. A membership book, upon which credit will be given for contributions, will be issued with the card to persons joining the Post Office insurance, and the contributions will be charged annually with seven-ninths for men and three-quarters for women of the calculated cost for management, medical attendance, and sanatorium. A waiting period of fifty-two payments will be required before any contribution can be withdrawn,

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but the member will be entitled after six months to medical attendance. If, after the waiting period has expired, a member falls ill, he (or she) will be entitled to withdraw his (or her) contributions including the employer's share with the addition of two-ninths (or one-quarter) from the State's contribution, at the rate of 10s., 7s. 6d., or 5s., &c. a week, as the case may be. After the expiration of three years, if the funds admit, a further addition from lapsed and forfeited contributions will be made to the amounts withdrawable by members in sickness.

Lapses or forfeits will occur by the member dying.

The Post Office insurance will include foreigners, no State grant being given in such cases.

Medical attendance for persons in the Post Office insurance will be provided by a Local Health Committee to be set up as follows:—

LOCAL HEALTH COMMITTEE.

In connection with the proposals for the Local Health Committee, it should be stated that the areas of these committees will not be quite the same in Scotland as in England, and that most of the provisions relating to these committees will not apply to Ireland.

A committee will be formed for counties and county boroughs, with power to create local sub-committees so far as necessary. It will consist—

- (1.) Of persons nominated by the county councils or county boroughs, some of whom must be members of the sanitary authorities.
- (2.) Of persons nominated by the approved societies.
- (3.) Of persons nominated by an association, if any such is formed, of persons who insure through the Post Office, or in default of such nomination by co-option of such persons.
- (4.) Of persons appointed by the insurance office,* two of whom will be doctors.

The insurance office nominees will join in the co-option of persons appointed under heading (3).

The county or borough medical officer will be entitled to attend the meetings of the committee.

The insurance office is given power to vary the proportions of the representatives upon the committee, and this power might prove of considerable importance in the event of agreements for the transfer of medical attendance being entered into as explained later.

In Ireland, the duties of these committees will be given

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to the county councils (outside the large towns) and the councils will also have power themselves to undertake to establish societies.

In counties where there are many Post Office contributors arrangements are permitted for creating a separate Post Office account.

Duties.

1. To make medical arrangements for persons who have been rejected by or failed to join a society.

2. To control the whole of the expenditure of insurance money for sanatoria in the district. Patients will be required to be sent to sanatoria approved by the Local Government Board, either existing or to be built with the help of the Government grant of 1,500,000*l.*

3. To consider the needs of the district from the point of view of public health, to demand enquiries as to the enforcement of the Public Health Acts, the Factory Acts, and the Mines Acts, and to make recommendations. If, as the result of an enquiry, any excessive sickness is found to be due to bad housing, insanitary conditions, &c., the cost of such sickness is to be paid to the approved societies and the health committee by the local authorities.

Where an enquiry is ordered into insanitary housing conditions in a neighbourhood, power will be given to the local authority to summon owners of insanitary property before the commissioner holding the enquiry—as third parties—with a view to passing on to them the whole or a part of any levy due to excessive sickness. The enquiry will be held before a commissioner or commissioners appointed by the Government Department concerned in each case.

The power given to Health Committees to protect their members in cases of the kind mentioned is a necessary counterpoise to the liability imposed on members to make good the cost of excessive sickness, for it is not fair to call on them to make good the cost of sickness caused by the negligence of other persons.

Power will also be given to the societies separately to demand enquiries into the above matters.

4. To provide for lectures and the publication of information upon questions relating to health.

Local Health Committees will be given power to combine for common purposes, and the insurance office will be empowered to form joint committees for neighbouring counties in special circumstances.

Transfer of Medical Attendance to Health Committee.

The present system of medical relief as organised by the friendly societies cannot be regarded as entirely satisfactory. Doctors employed by these societies are paid an inclusive fee of about 4s. per member on an average. This fee covers drugs and the cheaper medical appliances, but is insufficient to provide the more costly drugs, the cost of which has to be borne by the doctors themselves.

To correct this it is proposed to insert a clause forbidding the societies to enter into any contract which provides for the payment of drugs by an inclusive fee. This will involve a substantial increase in the cost of medical relief, but the funds at the disposal of the societies under the Bill will enable them to meet the additional expense without trenching upon the minimum benefits.

Further, the societies will be given the option of handing over this part of their duties to the Health Committee, on such terms as may be arranged in each case. If the terms arranged or proposed involve a deficit the Health Committee will be authorised to apply to the Government and the local authority for the payment of the deficit in equal shares; the latter can well afford it, for the scheme must effect a considerable saving in the medical charges now falling on the rates. It must be remembered in this connection that the compulsory character of the scheme secures a contribution towards medical attendance from that class of the population who now, having no society to fall back upon in case of sickness, resort to the Poor Law both for medicine and maintenance.

The medical treatment given by societies will be made subject to inspection.

Income.

This will consist of—

- (1.) The proportion charged to Post Office members in the district to cover medical attendance, management, and sanatorium, with the addition of the State grant.
- (2.) The whole of the sanatorium money from approved societies.
- (3.) The societies will also be required to subscribe 1*d.* or 2*d.* per member per annum towards the administrative expenses of the Committee.
- (4.) The State will make an additional grant of 1*d.* for every 1*s.* 3*d.* of the sanatorium money, and

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it is proposed to take power to use the whole or part of this additional grant for research purposes.

Power will be given to local authorities to subscribe to the general purposes of the Committee.

6. COLLECTION OF CONTRIBUTIONS.

The system to be provided for is as follows:—

The employer of any person liable to deduction from wages is to be responsible for paying that person's contribution as well as the employer's contribution in respect of him, and may recoup himself the amount of the former contribution (but not of the latter) by deductions from the insured person's wages. Such a deduction will only be allowed at the time when the wages are paid for the period for which they are paid. If the employed person is not paid by the person employing him but by other persons, the employer will be responsible for seeing that he is insured. If the employed person gets no wages from anybody, then the employer must himself pay the whole amount. Deductions not made at the proper time cannot be made from any later payment. When an employed person is out of employment or ill, the contributions are not required to be paid.

The payment of contributions is to be effected by means of adhesive stamps which the employer will be able to obtain at any Post Office and affix to a card belonging to the employed person. The stamps must be cancelled by writing the date across them. The insured person will be responsible for obtaining the card and producing it to the employer to be stamped. On entering employment he may hand over his card to be kept by his employer, but if that course is followed, the employer must deliver the card back to him after a prescribed interval stamped up to date. When the card is in this manner left with the employer, the employer will be saved the trouble of stamping the card every week.

To secure the due payment of contributions in the case of casual trades and employments, it is laid down as a general rule that the first employer in the week should be responsible for the payment of the contributions. The employee will be freed from further deductions from wages in the same week by producing his stamped and dated card to any subsequent employer. The inclusion of casual labour in insurance is of great importance. If it were excluded, it would tend still further to increase.

The following penalties will be provided for:—

- (1.) The employer to be liable to civil proceedings for damages caused by failing to insure an employé.

- (2.) The employer also to be liable on summary conviction to a penalty for every omission to stamp a card, or for holding a card which he has not stamped at the prescribed intervals, and the card will be stamped at the employer's expense.

The workman is to be required to produce his card to his employer at the time when wages are paid, and, if he omits to do so, then the employer will be empowered and required to obtain a card for him.

The whole of the above provisions will not appear in the Bill, some being left to regulations. A general explanation of the method to be adopted has been inserted here so as to make clearer the intention of the provisions of the Bill.

A clause has been inserted to provide that any covenant between employers and employed, under which the employed agrees to the employer's deducting from wages the employer's share of the contribution, shall be void and of no effect.

The card will be made the property of the workman, the employer having no right to retain it without his consent, or to write any comment whatever upon it.

Subject to the general rules laid down above, power will be taken to make regulations dealing with the contributions of casual labourers, including persons who are habitually employed by the hour or day, or for periods less than a complete week, and persons who are employed by several employers in one week. It will be permissible under these regulations for a group of employers who between them employ a group of casual labourers, or for a group of casual labourers themselves, to deposit the casual labourers' cards with an insurance officer or at a Labour Exchange or some other suitable agency, to which the money for the contributions would then be paid.

The cards will be made current for a fixed period, and will be handed over at the end of the period by the insured person to his society or to the Post Office, and he will receive a new card in exchange. The stamped card becomes a voucher furnishing evidence that the contributions have been duly paid as it passes first from the employer to the insured person, then from him to his society, and finally from the society to the Post Office or the department having custody of the insurance funds.

7. MISCELLANEOUS QUESTIONS.

(a) *The Committee.*—The Bill will contain provisions for the setting up of a committee of employers and insured persons whose duty it will be to advise the insurance office.

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(b) *Double Insurance*.—A clause has been inserted preventing, under a penalty, double insurance in the State scheme, and the same person will not be able to draw both unemployed and sick benefit. Members will, of course, be entitled to make what further insurance they may desire voluntarily through their societies, or in any other way.

(c) *Inspection, Insurance Office, &c.*—A clause will be inserted giving the Government the right to appoint inspectors for the purpose of the Act, and to establish an office for the purpose of dealing with all matters arising under the Act, the audit and valuation of accounts of societies, investments, &c.

Inspectors and officers of the insurance office so constituted will be given wide powers as regards all matters relating to the collection of contributions, and as regards conducting enquiries into the affairs of the societies.

(d) *A penalty clause* will be inserted to protect the Government against false claims by officials of societies, frauds in the Post Office insurance, and misuse of stamps or cards; and to protect societies against frauds by officials or members. Existing Acts will be applied as far as possible to this purpose.

Offences in connection with the payment of contributions have been already dealt with.

(e) *Out-door Relief*.—The existing Act with regard to benefits payable by friendly societies and out-door relief granted by guardians will be made applicable.

(f) A clause will be drafted suspending the execution of all process for ejection or for rent or debt against an insured person during the period he or she is in receipt of sick pay under benefit (c) and for 14 days after the expiration of such period.

Power will be given to the judge or registrar of the county court to extend the period of protection in case of sickness, in no case beyond twelve months without a guarantee for the rent, if he is satisfied that life would be imperilled.

Malingering.

The greatest evil which has to be guarded against in all benefit schemes of this character comes from the danger of malingering. The friendly societies have never been able to suppress it altogether, and no plan which human ingenuity can devise will succeed in stamping it out. The best that can be achieved is the compression of it within limits that will not substantially disarrange or affect the funds available for honest men. The most effective check

—in fact, the only really effective check—upon malingering is to be found in engaging the self-interest of the workmen themselves in opposition to it. That is why a purely State scheme, where the Exchequer could be drawn upon to an unlimited extent, would inevitably lead to unlimited shamming and deception. This scheme is so worked that the burden of mismanagement and maladministration would fall on the workmen themselves. If, through any such cause, there is any deficiency, the workmen must make it up either in diminished benefits or increased levies. Once they realise that, then malingering will become an unpopular vice amongst them, and they will take the surest and shortest way to discourage it.

FINANCE.

An estimate of the cost of the scheme has been prepared by actuaries and will be circulated as a separate paper.

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APPENDIX B.

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NATIONAL INSURANCE BILL. (PART II.:
UNEMPLOYMENT.)

EXPLANATORY MEMORANDUM.

The scheme of insurance against unemployment embodied in Part II. of the National Insurance Bill provides for—

- (a) compulsory insurance in certain scheduled trades;
- (b) encouragement of voluntary insurance in all trades.

The scheme applies compulsorily to all workmen, skilled or unskilled, organised or unorganised, in building, construction of works, shipbuilding, engineering and construction of vehicles (Sixth Schedule). That is to say, on the one hand all workmen and their employers are liable to contribute to an unemployment fund in respect of employment in these trades, and, on the other hand, all workmen who have thus contributed are entitled when unemployed to certain payments from the fund. The definition of the term "workman" is such as to exclude foremen and clerks as well as all persons under 18 years of age (Clause 81 (1)), and power is given to the Board of Trade by regulations to define more exactly than can be done in the Sixth Schedule the precise scope of the scheme (Clause 67 (1) (a)). Workmen under the Crown, unless they are established, *i.e.*, pensionable, are included, but power is taken to adapt the provisions of the scheme to their special circumstances (Clause 81 (2)).

The income of the unemployment fund (Clause 68) is raised by contributions from workmen, employers, and the State (Clause 61). The workman's contribution is $2\frac{1}{2}d.$ for each period of employment of a week or less, and the employer's contribution is also $2\frac{1}{2}d.$ for each period of employment of a week or less, subject to the provision for compounding described below (Eighth Schedule). The State contribution to the unemployment fund is one-third of the total contributions from workmen and employers

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(Clause 61 (5)). The State is responsible in the first instance for the cost of administration, but ten per cent. of the income of the unemployment fund will be paid over in aid of administrative expenditure (Clause 65). The workman's and employer's contributions will as a rule be paid together by the employer's purchasing a special insurance stamp and affixing it to an insurance book carried by the workman. That is to say, it will in general be illegal to employ any workman in the insured trades without obtaining from him an insurance book and without affixing thereto week by week a *5d.* stamp to represent the joint contribution. An employer who has affixed a stamp in this way will be entitled to deduct half the value of the stamp from the workman's wages (Clause 61 (3)). No contributions are required while the workman is unemployed for any cause.

The benefit provided consists of weekly payments to the workman whilst unemployed provided that he fulfils certain statutory conditions and is free of certain disqualifications (Clause 60). The statutory conditions are, that the workman should have been employed in an insured trade for 26 weeks, should have made application for benefit in the prescribed manner and have been continuously unemployed since the date of application, should be capable of work and unable to obtain suitable employment, and should not have exhausted his right to benefit (Clause 62). Notwithstanding the fulfilment of the statutory conditions a workman may be disqualified for receiving benefit on the following grounds for the period stated in each case:—

- (a) if he has lost employment through a strike or lock-out, for so long as the strike or lock-out continues;
- (b) if he has lost employment through misconduct or has voluntarily left employment without just cause, for six weeks from the date of losing or leaving employment;
- (c) if he has been imprisoned, for a period of six weeks after leaving prison;
- (d) while he is an inmate of any public institution;
- (e) while he is resident temporarily or permanently outside the United Kingdom.

(Clause 63.)

No benefit will be paid for the first week of any period of unemployment. Thereafter benefit can be drawn at the rate of *7s.* a week by workmen engaged in engineering, shipbuilding, and construction of vehicles, and *6s.* a week by workmen engaged in house building and works of construction, up to a maximum in each case of 15 weeks of

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benefit in any 12 months (Seventh Schedule). It is provided in addition that not more than one week of benefit can be drawn by any man for every five weekly contributions paid by him. This rule, while it will not be felt by men who work steadily in youth and only make large claims on the fund in exceptional trade depressions or in their later years, will drastically exclude from benefit men who are incompetent or idle. The same rule provides also an automatic means of dealing with the claims of those who work only part of their time at an insured trade. Such men will get a correspondingly reduced claim upon the fund. Special provision is made to prevent the rule from operating hardly in the case of workmen already working at an insured trade before the commencement of the Act.

The rates and periods of benefit mentioned above are those proposed in the first instance. Power is given, however, to the Board of Trade by regulation to vary the rates within certain limits (*viz.*, 6s. and 8s. per week), and if necessary to reduce the period below 15 weeks. For larger variation in the rates, or for an extension of the period, or change in the proportion which total benefits may bear to total contributions, more elaborate procedure, involving a public enquiry and hearing of objections, is required, on the lines of the procedure for making special orders under the Factory Acts (clause 78 and Ninth Schedule). All such changes may relate either to the insured trades as a whole or to any single trade or branch thereof.

The administration of the scheme will take place principally through the Labour Exchanges. That is to say, a workman leaving employment will take his insurance book duly stamped to date to the nearest exchange and lodge it and claim benefit. The decision as to how much benefit, if any, he may draw will be made by a statutory officer known as an "Insurance Officer" (clause 64 (1)). The workman will be entitled to receive such benefit as the insurance officer allows, subject to his remaining unemployed and continuing to sign the register daily during working hours. If the workman is dissatisfied with the decision of the insurance officer in any case, he will have a right of appealing to a Court of Referees (clause 64 (1) (a)), consisting of one or more members from a panel of persons chosen to represent employers, and an equal number of members from a panel of persons chosen to represent workmen, with an impartial chairman (clause 66). It is contemplated that Courts of Referees should sit in convenient centres once a week, and should deal each week with the whole of the appeals, so that there should be no delay in deciding cases. No charge will be made to the

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workman for appealing to a Court of Referees, and if sent for to attend he will receive travelling expenses (clause 66 (5)). If the Court of Referees and the insurance officer are in agreement on any case, their decision will be final; if they differ, there will be a further appeal to an umpire appointed by the Board of Trade, whose decision will be final and conclusive (clause 64 (1) (a)). The appeal to the umpire will serve to harmonise the principles on which Courts of Referees and insurance officers decide cases. Districts not covered by Labour Exchanges will be dealt with through local offices in the nature of sub-post offices.

The foregoing paragraphs set out the framework of the compulsory scheme. There are, however, a number of subsidiary provisions which will be best understood by reference to two main underlying principles:—

- (1) That provision for unemployment, whether through insurance or in other forms, must not be such as to create unemployment, and should if possible tend to diminish unemployment;
- (2) That compulsory provision for unemployment should be accompanied by arrangements for preserving and encouraging voluntary provision.

DIMINUTION OF UNEMPLOYMENT.

As regards the first principle—the avoidance of any tendency to encourage or increase unemployment by providing for it—attention may be called to the following points.

In the first place, provision for unemployment through insurance is throughout closely linked up with the machinery already established for diminishing unemployment, namely, the Labour Exchanges. Workmen claiming unemployment benefit through an exchange will automatically be registered as applicants by the exchange for employment, and if the exchange can find them suitable work, they will be required to take that work in place of drawing benefit. They will no longer be held to be “unable to obtain suitable employment” (clause 62). The insurance scheme, it is hoped, will greatly increase the efficiency of the exchanges, first by bringing to them all the unemployed workmen who apply for benefit, and second and consequentially by inducing employers to send to them for the men who will necessarily be there.

In the second place, the burden of providing benefit is thrown upon workmen, employers and State in such a way as to give each of these parties an interest in diminishing

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unemployment, *i.e.*, preventing unnecessary idleness with a view to diminishing the burden. The benefits of the scheme are not guaranteed by the State. It is necessary indeed to make some provision for the possibility of an exceptionally severe depression of trade which might exhaust the fund temporarily, and this is done by allowing the Treasury to make an advance (clause 69 (1)). It is provided, however, that in the event of such an advance being made there may be required by the Treasury an immediate temporary modification of the rates of contribution, or of the rates and periods of benefit, such as may serve to repay the advance and restore the solvency of the fund (clause 69 (2)). Further, if it is found over a period of years that the rates of contribution are either too low or too high in view of the benefits given, it is contemplated that there should be a periodical revision of these rates, and that in such revision there should, if necessary, be a differentiation between different trades and branches of trades according to the unemployment recorded in them (clause 76). In this way it is made to the interest of both employers and workmen to reduce unemployment, if they can, with a view to obtaining a reduction or avoiding an increase of contributions when the revision takes place. The periodical revision of contributions requires a special order, made after public enquiry and hearing of objections (clause 78 and Ninth Schedule), and can only be undertaken at intervals of five years or more. The contributions of employers or workmen cannot be raised by such a revision by more than one penny per workman per week.

In the third place, a number of specific provisions are inserted in the Bill with a view to encouraging regularity of employment or otherwise diminishing the burdens on the fund.

- (a) A minimum contribution of $2\frac{1}{2}d.$ each is required from employers and workmen for every separate period of employment of a week or less (Eighth Schedule). In this way the premium for insurance is to some extent automatically adjusted to the greater risk, in so far as casual workmen and their employers are required to pay more frequent contributions than the more regular workmen and their employers.
- (b) Any employer, in place of paying in each week the joint contribution of $5d.$ as it becomes due in respect of any particular workman, may pay in advance at a rate of $15s.$ for that workman for the whole year, continuing to deduct from the workman the ordinary contribution for each week of

employment (clause 70). This rate represents a substantial reduction of the employer's contributions.

- (c) Any workman may at the age of 60 (or, in the case of men who have finally left the trade, at the age of 55) recover from the unemployment fund the amount, if any, by which his own contributions (exclusive of those of the employers and the State) exceed the amount of benefits drawn by him from the fund, with compound interest at $2\frac{1}{2}$ per cent. (clause 71).
- (d) In the case of workmen put on short time during a period of trade depression, the contributions both of employers and of workmen may be remitted altogether. This will give an advantage to employers who adopt the plan of working short time in times of depression instead of dismissing some men and keeping the rest on full time (clause 72).
- (e) In the case of workmen engaged through a Labour Exchange, the Labour Exchange may by arrangement with the employer undertake on his behalf the whole duty of keeping and stamping insurance books, and further, may treat all the successive periods of employment of the same or different workmen engaged by that employer through the Exchange as a single continuous period of employment of one workman. In other words, an employer who uses the Exchange may pay according to the amount of labour he has in fact used, even though the employment has been discontinuous and though he has not always had the same man (clause 73 (1)). Correspondingly, a man engaged through the Labour Exchange by one or more employers with whom an arrangement has been made will be allowed to pay a single contribution per week, however many separate engagements he has had (clause 73 (2)).
- (f) Any workman who becomes repeatedly unemployed through lack of skill or knowledge may be required to attend a suitable course of technical instruction, and if he fails to do so or to profit by such instruction, this fact may be taken into account in considering what is suitable employment for him (clause 74 (1)).

The combined effect of these provisions is to give a substantial advantage both to the employer and to the workman in respect of regular and continuous employment as compared with casual engagements. This discrimination is

App. B. justified both equitably and actuarially by the saving to the unemployment fund which results from the diminution of claims for unemployment benefit.

PRESERVATION AND ENCOURAGEMENT OF VOLUNTARY INSURANCE.

Provision is made in the following ways for the preservation and encouragement of voluntary insurance against unemployment.

In the first place, an association of workmen in the insured trades which gives unemployment benefit can make an arrangement with the Board of Trade, enabling its members to draw benefit, not from the unemployment fund direct through the Labour Exchange, but through the association. The association will thereafter claim a refund from the unemployment fund of the sums to which the individual member would have been entitled (clause 79). The association may thus be the channel for the distribution of the statutory benefits to its own members. It will, of course, be at liberty to give what benefits it pleases over and above the statutory benefits, and to give them for what periods and subject to what rules it pleases. The individual member of the association will be concerned only with the rules of his own association, and in place of having to attend at the Labour Exchange to get say 7s., and at the association office to get another 4s. or 5s., he will be able to get the whole 11s. or 12s. from his association, leaving the latter subsequently to settle with the unemployment fund. In order to secure the interest of the association in economical distribution and to encourage provision of benefits beyond the statutory minimum, it is provided that repayments to an association under this clause shall not exceed two-thirds of what it has itself expended. In addition to repayments under this clause (79) the association will be entitled to participate in the subsidy payable under the scheme of voluntary insurance in the next paragraph.

In the second place, it is provided that the Board of Trade may out of moneys provided by Parliament pay to any association giving unemployment benefits a subsidy of one sixth of the amount (up to a maximum rate of 12s. a week) expended on such benefits, exclusive, in the case of an association which has made an arrangement under clause 79, of any sum repaid to the association under that arrangement (clause 80). This provision, which is applicable to all trades and all classes of employees, thus adds on to the limited compulsory insurance scheme a scheme for universal voluntary insurance through associations.

While the compulsory part of the scheme is limited at the outset to the trades mentioned, power is given to the Board of Trade to extend it to other trades by special order involving the procedure already described (clauses 77 and 78).

Miscellaneous provisions, *e.g.*, for inspection of workplaces so as to see that cards of men engaged are being duly stamped; for making unemployment benefit inalienable; and for excluding consideration of any benefit under the Bill when boards of guardians are making a grant of out-door relief, are contained in the general part of the National Insurance Bill (Part III.).

It is estimated that 2,421,000 workpeople of 18 years of age and upwards will come within the compulsory insurance scheme at the outset, and that these will be divided into two groups as follows:—

Engineering, shipbuilding, and construction of vehicles,
1,100,000.

Building and works of construction, 1,321,000.

The membership of trade unions in the insured trades at the end of 1909 was 462,288, of whom about 350,000 belonged to unions providing unemployment benefits other than travelling pay.

The report of the actuary and further statistical information with regard to unemployment insurance will be circulated shortly.

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APPENDIX C.

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AMENDMENTS DESIRED BY THE FRIENDLY
SOCIETIES.

CLAUSE 1.

Hearts of Oak Benefit Society; Independent Order of Oddfellows (East Anglian Unity); Order of Druids; Ancient Noble Order of United Oddfellows (Bolton Unity); National United Order of Free Gardeners:

Clause 1, section 4: Amend to include persons over 65 years of age who have been members of approved societies for a period of twenty years prior to the passing of the Act.

CLAUSE 2.

Manchester Warehousemen and Clerks' Provident Association:

Clause 2 to be amended so as to provide that wherever a member of a solvent and well-managed society registered under the Friendly Societies' Acts can show to the satisfaction of the Insurance Commissioners that he is covered by virtue of his voluntary subscription to such society for the minimum amount of benefit which he would receive under the National Health Insurance Bill, he shall be granted exemption from compulsory insurance.

CLAUSE 3.

National Independent Order of Oddfellows:

Clause 3, section 4: That the words "seven-ninths" be deleted from line 4 of clause 3, and "two-thirds" substituted in lieu thereof. Also that the words "two-ninths" be deleted from line 7 in clause 3, and "one-third" substituted in lieu thereof.

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CLAUSE 4.

Independent Order of Rechabites ; Ancient Order of Foresters ; Sons of Temperance ; Order of Druids ; National United Order of Free Gardeners :

(1) Clause 4 (and Second Schedule): That contributions be apportioned for each benefit and for management, and at the least the maximum allowance for management to be clearly stated.

Ancient Order of Foresters ; Grand United Order of Odd-fellows :

(2) Clause 4 (and Second Schedule): That arrears of contributions allowed in respect of unemployment be clearly stated.

Ancient Order of Foresters ; Grand United Order of Odd-fellows ; Independent Order of Rechabites :

(3) Clause 4 (and Second Schedule): Page 3, line 24, after "Act" insert: "(2a) Provided that when a person is already insured in an approved society for benefits equal to those insured under this part of the Act and while so insured the contributions 'to be paid by the contributor' mentioned in Part I. of the Second Schedule to this Act shall not be deducted by the employer if and so long as the proper officer of such society certifies to the employer that such insurance continues in force."

That a flat rate contribution be paid by the Government in respect of all such members.

That the penalising of persons under 21 years of age in respect of reduced benefits be removed.

Hearts of Oak Benefit Society ; National Independent Order of Oddfellows ; Nottingham Ancient Imperial United Order of Oddfellows ; National United Order of Free Gardeners ; Independent Order of Oddfellows (Kent Unity) :

(4) Clause 4, section 2 (and Third Schedule): Amend so as to allow members of approved societies to pay the whole of their contributions direct to their societies.

Rational Association Friendly Society :

(5) Clause 4, section 3. Add to section: "The contribution of the insured in this case refers only to the contribu-

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tion payable by himself, and the amount usually paid by an employer shall be credited from the insurance fund."

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity); Grand United Order of Oddfellows:

(6) Clause 4: page 3, in line 32, after "seventy" insert: "Unless the insured person is not eligible to the old age pension, such person to have the opportunity of continuing the membership under the same conditions of the previous membership."

National Independent Order of Oddfellows:

(7) That the maximum sum allowed for management expenses under the National Health Insurance Scheme be 4s. per member per annum.

CLAUSE 6.

Rational Association Friendly Society:

Clause 6, section 4: Inasmuch as this section appears to be inequitable in consequence of the insured employed contributor having paid all that was required of him, he should not be penalised for having improved his position in life by being charged with arrears, when in fact there would be no arrears because his employer had already paid the 3d. per week for him.

Suggest amendment: That where an employed contributor, within five years from his entry into insurance, ceases to be employed within the meaning of this part of this Act, and becomes a voluntary contributor, he shall pay the required contribution for those under 45 years of age, and if above that age, shall pay contributions in accordance with age at the date he becomes a voluntary contributor, under the same scale as provided for in section 5, subsection (a).

CLAUSE 7.

Ancient Order of Foresters; Grand United Order of Oddfellows; Independent Order of Rechabites; National United Order of Free Gardeners:

(1) Clause 7: That times or dates be stated when stamped cards are to be produced to the society to show whether person insured is in benefit or not, &c.

Rational Association Friendly Society:

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(2) Clause 7 (b): That every insurer paying contributions through an approved society shall produce his contribution card at least once a month to the society of which he is a member, for the purpose of taking particulars of his payments.

CLAUSE 8.

Royal Oak Benefit Society:

(1) Clause 8: That dentistry be included amongst the benefits.

(The following arrangement is suggested: That the State pay two-ninths of the expense, that one-half of the remainder be paid from the funds proposed to be created by the Bill, and the remaining proportion be paid by the individual member, the society to be allowed to advance him that amount, if required, subject to, say, two sureties and to some arrangement for the repayment or recovery of the money.)

Hearts of Oak Benefit Society:

(2) Clause 8, section 1, sub-section (b), and clause 15: Amend to provide that the sanatoria benefit shall be undertaken by the State, *i.e.*, that sanatoria be established, maintained, and managed by or under the control of the Local Government Board, and that no moneys payable or credited to approved societies be chargeable for this purpose.

Clause 8, section 1, sub-section (c): Amend to provide for payment of sickness benefit from the first day.

National Independent Order of Oddfellows; Order of Druids; Ancient Order of Romans; Independent Order of Oddfellows (Kent Unity):

(3) Clause 8, section 1, sub-section (c): That the maternity benefit be paid in cash.

Loyal Order of Ancient Shepherds (Ashton Unity); National United Order of Free Gardeners; Ancient Order of Foresters; National Independent Order of Oddfellows; Sons of Temperance; Royal Oak Benefit Society:

(4) Clause 8, section 1, sub-section (c): After "benefit" insert "but no maintenance shall be given for a lesser period of sickness than four days."

App. C. *Ancient Order of Foresters :*

(5) Clause 8, section 3, page 7, line 3, after "life" insert: "But this shall not apply to those insured persons under the Act who are not eligible for relief under the Old Age Pension Act."

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity); Grand United Order of Oddfellows; National United Order of Free Gardeners :

(6) Clause 8, section 1, sub-section (e), page 6, line 27: After "benefit" insert: "In the event of a married man and his wife being insured under the Act, the maternity allowance shall be sixty shillings," or, in the alternative, "that two premiums (that of the husband and the wife) shall not be charged for the one risk."

Hearts of Oak Benefit Society :

(7) Clause 8, section 1, sub-section (e): Expunge regulation (e) on page 6 of memorandum, and sub-section 2 of clause 16.

Rational Association Friendly Society :

(8) Clause 8, section 4: But any insurer having contributed for five years, if he leaves the United Kingdom to reside temporarily or permanently abroad, may continue his membership in an approved society, and shall pay contributions in accordance with his age at entry, under the National Insurance Bill, and the reserve value shall in such case be transferred from the insurance fund to the approved society.

Royal Oak Benefit Society :

(9) Clause 8, section 6: That this section be so amended as to give a woman member medical benefit during confinement for any illness which may supervene.

National Independent Order of Oddfellows :

(10) Clause 8, section 6, be so amended that it will read: "Where a woman is herself entitled to maternity benefit she shall not be entitled to disablement benefit."

Ancient Noble Order of United Oddfellows (Bolton Unity):

(11) Clause 8, section 6: Delete the words "sickness benefit, disablement benefit, or."

Hearts of Oak Benefit Society :

(12) Clause 8, section 7: Expunge this section as regards free members of approved societies.

Loyal Order of Ancient Shepherds (Ashton Unity):

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(13) Clause 8, section 7, sub-section (a): After "Act" insert "unless such insured person has been a member of an approved society for a period of twelve months prior to the passing of the Act."

(14) Clause 8, section 7, sub-section (c), line 2: After "entry" insert "into an approved society or."

(15) Clause 8, section 7, sub-section (d), line 5: After "entry" insert "into an approved society or."

(16) Clause 8, section 7, sub-section (f), line 3: After "entry" insert "into an approved society or." Line 5, after "him" insert "to an approved society or under the Act."

National Independent Order of Oddfellows; National United Order of Free Gardeners; Ancient Order of Foresters; Grand United Order of Oddfellows; Rational Association Friendly Society:

(17) Clause 8, section 7, page 7: Delete sub-section (a). (This would give medical benefit from entry.)

Ancient Order of Foresters; Grand United Order of Oddfellows; Rational Association Friendly Society; Independent Order of Rechabites; National United Order of Free Gardeners:

(18) Clause 8, section 7, pages 7 and 8: (a) Make clear whether an insured person who is sick or disabled, and under suspension of benefit through no fault of his own (*i.e.*, through a check on claims under the scheme), is relieved or not from contributions while the sickness or disablement continues.

(19) (b) At least modify the provision that sickness or disablement benefit is not payable if sickness or disablement commenced in the waiting period, so that where the person insured passed a medical test on entry the provision shall not apply.

(20) (c) Sickness or disablement benefit ought to be paid to a wife ordinarily living away from the premises of the employer of the husband where the husband, being an insured person, is ill and otherwise entitled to benefit, where the employer provides the husband with board and lodging.

(21) (d) On page 8, delete lines 3, 4, and 5.

(22) Clause 8, section 7, page 8: After line 14 insert: "The provisions of sub-sections (a) to (f) inclusive shall not

App. C. apply to insured persons who were members of approved societies and entitled to similar benefits before the passing and on the coming into force of this Act."

Royal Oak Benefit Society :

(23) Clause 8, section 7, sub-section (c): That "52 weeks" be substituted for "104 weeks" in this sub-section.

Royal Oak Benefit Society ; Independent Order of Rechabites :

(24) Clause 8, section 7, sub-section (d): That this sub-section be deleted.

Royal Oak Benefit Society :

(25) Clause 8, section 7, sub-section (e): That a similar provision be added as to the payment of sickness benefit where a member has any dependents as is contained in the clause providing for the payment of sickness benefits to members while in hospital, sanatoria, &c.

Grand United Order of Oddfellows :

(26) Clause 8: Provision to be made for supplying funds to societies to meet expenditure without interfering with existing societies' funds.

(27) Clause 8: Make clear when an insured person who is sick or disabled and under suspension from benefit is relieved or not from contributions whilst such sickness or disablement continues.

Order of the Sons of Temperance ; Ancient Order of Romans ; Independent Order of Oddfellows (Kent Unity) :

(28) Clause 8: To ascertain to what extent the fund is loaded for medical attendance and medicine, and the precise amount for (a) medical attendance; (b) medicine and drugs; (c) to call attention to the necessarily increased payments to doctors for all friendly society members over the 160*l.* limit; (d) to ask that members of societies over 65 years of age at the commencement of the Act be allowed to participate in its benefits; (e) to ascertain if the examination fee for candidates is included, and if not, to take action in order that same shall be included.

United Patriots National Benefit Society : National Independent Order of Oddfellows :

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(29) Clause 8: That exemptions from the waiting periods mentioned in clause 8, section 7, be granted to all free members of friendly societies and trades unions who are insured against sickness.

Caledonian Order of United Oddfellows :

(30) Clause 8, section 7, sub-section (e): After the word "employer," add: "With the exception of those having dependents to whom the benefit shall be paid."

National Independent Order of Oddfellows :

(31) Clause 8: That the provisions of clause 8, section 7, sub-section (e), shall not apply in cases where a man has dependents.

Ancient Noble Order of United Oddfellows (Bolton Unity):

(32) Clause 8, section 7: Delete sub-section (a). Clause 8, section 7: Delete sub-section (d), and substitute: "To sickness benefit in respect of any disease or disablement which commenced during the 26 weeks next following his entry into insurance, unless at least 26 contributions have been paid on behalf of him and he is not otherwise disqualified; nor to disablement benefit in respect of any disease or disablement which commenced during the 104 weeks next following his entry into insurance, unless at least 104 contributions have been paid on behalf of him and he is not otherwise disqualified."

CLAUSE 9.

Royal Oak Benefit Society :

(1) Clause 9, section 1: That age 18 be substituted for 21 in this section.

Hearts of Oak Benefit Society :

(2) Clause 9, sections 1 and 3, and Fourth Schedule, Tables B. and C.: Amend so as to exempt members of approved societies who were in membership before the passing of the Act.

(3) Clause 9, section 2, and clause 27, second paragraph: Amend so as to define more clearly and in any case provide that the income from any source of members of approved

App. C. societies who were in membership before the passing of the Act, shall not affect their sickness benefit.

*Nottingham Ancient Imperial United Order of Oddfellows ;
Rational Association Friendly Society :*

(4) Clause 9, section 2, be so amended as to provide that 15s. per week for adult males, and 11s. 3d. per week for adult females, shall be assumed to be the minimum wage for the purposes of this section.

Independent Order of Rechabites :

(5) That provision be made in respect of persons under clause 9, section 3, who have been members of societies and have had to drop their sick benefits therein in order to come under the State scheme.

CLAUSE 10.

Rational Association Friendly Society :

(1) Clause 10, section 5: This section should be amended to clearly define if a contributor in paying arrears with interest, has to pay not only his own 4d. per week, but also an assumed employer's 3d. per week.

National Independent Order of Oddfellows :

(2) That the clauses in the Bill which deal with arrears of both employed and voluntary members are unsatisfactory, and should be amended. (a) No "employed" member should be called upon to pay contributions during unemployment. (b) In regard to "voluntary" members, the provisions in the Bill are altogether too complicated, and should be considerably simplified.

CLAUSE 11.

National Independent Order of Oddfellows ; Ancient Order of Foresters ; Loyal Order of Ancient Shepherds (Ash-ton Unity) ; Sons of Temperance ; Rational Association Friendly Society ; Ancient Noble Order of United Oddfellows (Bolton Unity) ; Nottingham Ancient Imperial United Order of Oddfellows ; Independent Order of Rechabites :

(1) Clause 11, section 1, page 12, line 15: Delete "either at its own expense," and insert "with the sanction of the insurance commissioners and at their expense."

*Order of the Sons of Temperance :*App. C.

(2) Clause 11: (a) To endeavour to obtain the deletion of this clause, and the substitution of another giving immediate medical benefit. (b) To endeavour to obtain modifications in sections (d), (e), and (f) of this clause.

Hearts of Oak Benefit Society :

(3) Clause 11: Amend so that the State shall provide sickness benefits in cases of compensated accidents or injuries.

Royal Oak Benefit Society :

(4) Clause 11: That one-half sickness benefit be paid to the member in receipt of compensation.

National Independent Order of Oddfellows ; National United Order of Free Gardeners :

(5) Clause 11: That provision be made in clause 11 whereby notification shall be given by an employer or other person paying accident compensation to an injured person, such notification to be sent to the society of which the injured person is a member, stating the amount of compensation paid. Or otherwise that all compensation paid to a member shall be paid through the society of which he is a member.

CLAUSE 12.

Royal Oak Benefit Society :

Clause 12, section 3: That where parents have married since birth, illegitimate children be included under the expression "dependents."

CLAUSE 14.

Ancient Order of Foresters ; Independent Order of Rechabites ; National United Order of Free Gardeners :

(1) Clause 14: That separation of arrangements for (1) treatment and for (2) medicine and drugs in regard to medical benefit to be made optional.

Grand United Order of Oddfellows ; National United Order of Free Gardeners :

(2) Clause 14: That the Government be requested to provide in clause 14 a fixed sum per member to be paid to

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medical practitioners, such sum to be different for town or country members, or occupation, as may be thought desirable.

Order of the Sons of Temperance; Independent Order of Oddfellows (East Anglian Unity); Independent Order of Oddfellows (Norfolk and Norwich Unity):

(3) Clause 14, sub-sections 1 and 2: To oppose the clauses as they now stand, and to move for a clause permitting the present practice of obtaining medical advice and medicine from the same practitioner.

United Patriots National Benefit Society:

(4) Clause 14: That concerted steps be taken to retain clause 14, section 1, as printed in the Bill.

Rational Association Friendly Society:

(5) Clause 14, section 3: Add: "That in the case of what is termed country members living too far away from their branch or society to receive medical attendance and treatment of the appointed medical men of such society, that the members so situated shall be entitled to receive medical attendance and treatment from any medical man appointed either by a society or Health Committee, without extra cost to the insurer.

Royal Oak Benefit Society:

(6) Clause 14, section 3: That payments to local Health Committees for medical benefit be made each quarter and not each year.

Nottingham Ancient Imperial United Order of Oddfellows:

(7) Clause 14, sections 1, 2, and 3, be so amended as to make it clear that the control of the medical men receiving payment on account of the members of the approved societies, and the provisions for the supply of medicines, shall rest with the societies themselves.

(8) That the amount charged to such societies shall not exceed the amount named by the actuaries on page 42 of their report.

(9) That in the opinion of this assembly the provision of medicine by the chemist separate from the doctor is a wise one, and well calculated to facilitate the recovery of the sick person.

(10) That no income limit be recognised by the societies in relation to medical benefits. App. C.

(11) Clause 14, section 1, the following be added: "Except where an approved society, with the sanction of the insurance commissioners, shall provide for insured persons to receive medical treatment, and medicine, through the approved society's medical institute."

CLAUSE 16.

Royal Oak Benefit Society:

(1) Clause 16, section 1: That maternity benefit be paid direct to the woman in all cases.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity):

(2) Clause 16: That section 2, lines 25, 26, 27, 28, and 29, be deleted.

United Patriots National Benefit Society:

(3) That clause 16, section 2, be amended by deleting the words "expended in such manner as may be prescribed," and instead thereof inserting, "paid to the insured person."

Rational Association Friendly Society; National United Order of Free Gardeners:

(4) Clause 16: Recommend to add to section 2: That the maternity benefit paid to insurers by an approved society shall not come under the restrictions in section 2.

Ancient Noble Order of United Oddfellows (Bolton Unity):

(5) Clause 16, section 2, page 16, line 26: After the word "prescribed" insert "by an approved society or local Health Committee as the case may be."

CLAUSE 18.

Independent Order of Oddfellows (East Anglian Unity):

(1) Clause 18: That clause 18, section 2, sub-section (i), be deleted.

Royal Oak Benefit Society; Ancient Order of Romans:

(2) Clause 18, section 2, sub-section (1): That "5,000" be substituted for "10,000."

App. C. *Royal Oak Benefit Society :*

(3) Clause 18, section 2, sub-section (2): That the following be substituted: "It must not provide any additional benefits other than those contained in the scheme unless the contribution tables for such benefits are certified to be sufficient by a qualified actuary, *i.e.*, a Fellow of the Institute of Actuaries or the Faculty of Actuaries."

Loyal Order of Ancient Shepherds (Ashton Unity) :

(4) Clause 18, section 2, sub-section (ii): After second word "of" insert "reducing contributions or increasing."

United Patriots National Benefit Society; Hearts of Oak Benefit Society :

(5) Clause 18: That sub-sections (ii) and (iii) as printed in the Bill be adhered to.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity); Grand United Order of Odd-fellows; National United Order of Free Gardeners; United Patriots National Benefit Society :

(6) Clause 18: Add as new section: "No society shall be entitled to be an approved society unless it is a friendly society providing at least sick and old age benefits and is registered under the Friendly Societies' Act, and no trade union shall be recognised except on the same conditions (Trade Union Act for Friendly Societies' Act), the trade unions also to comply as to separation of accounts."

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity); Grand United Order of Odd-fellows; Independent Order of Rechabites; National United Order of Free Gardeners; Ancient Order of Romans :

(7) Clause 18: That the expressed intention of the Government to include collecting and insurance companies and dividing societies as approved societies under the national health insurance scheme is a direct attempt to open competition against properly constituted benefit societies, which must have a detrimental effect upon them, and this conference strongly protests against such bodies being utilised against those societies which have always been working for the payment of sickness benefits.

North Staffordshire Provident Association :

(8) Clause 18: That this general annual meeting of mem-

bers of the North Staffordshire Provident Association, an association established and registered as a friendly society in 1817, with funds of £113,000 and actuarial surpluses in all departments, a membership of 4,400, and with all the qualifications required under the National Insurance Bill with the exception of the number of members, respectfully, but urgently, requests the Government to consider and amend clause 18, so that sound friendly societies distributing permanent sickness and other benefits, and with local and central arrangements for efficient management, may be included amongst that body of friendly societies which will be approved, and so be able to co-operate with the State in the working of the health insurance scheme.

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Manchester Warehousemen and Clerks' Provident Association:

(9) Clause 18: In clause 18, page 17, lines 8 and 21: Delete the word "ten" before the word "thousand" and substitute the word "five," so that clause 18, section 2, sub-section (i.) will now read "it must have at least five thousand members, being insured persons;" and sub-section (iii.) to now read "a society may apply for approval at any time before or after the commencement of this Act, and a society with less than five thousand members, being insured persons, which otherwise fulfils the requirements of this section, may be approved by the insurance commissioners conditionally upon its having the requisite number of such members within such time as the insurance commissioners may allow."

From the Caledonian Order of United Oddfellows:

(10) Clause 18: That this national conference of friendly societies ask the Chancellor of the Exchequer to take into his favourable consideration the advisability of accepting all existing societies fulfilling the conditions for approval, other than that of membership.

Improved Independent Order of Oddfellows (London Unity; Sons of Rechab:

(11) Clause 18, sections 2 and 3: That the Chancellor of the Exchequer be requested to substitute 1,000 for 10,000 as a condition of an approved society.

Surrey Reformed Benefit Society:

(12) Clause 18, section 2: Delete the number of members fixed as being a necessary qualification for working as an approved society.

App. C. *Independent Order of Oddfellows (Kent Unity):*

(13) That the numbers of approved societies be reduced to 4,000 members if the society has been established 50 years.

CLAUSE 19.

Loyal Order of Ancient Shepherds (Ashton Unity); Grand United Order of Oddfellows; Sons of Temperance:

(1) Clause 19, section 1, line 4: After "approved" insert "provided that no employee is compelled as a condition of employment to surrender his membership in an approved society to join any society formed by an employer or a number of employers."

Ancient Order of Foresters:

(2) Clause 19: That in the opinion of this conference, after the passing of this Act, it shall not be lawful for an employer to make it a condition of employment that any person employed must become a member of the works' sick club.

Royal Oak Benefit Society:

(3) Clause 19: That no superannuation fund or other similar fund established by an employer or a number of employers be approved unless prior to the introduction of the National Insurance Bill into the House of Commons it has been certified under the Shop Clubs Act of 1902, and further, that the benefits are, at least, 25 per cent. in excess of those proposed by the Bill. That a deposit be required by such funds as if they were approved societies, and that all such funds be on a sound actuarial basis.

CLAUSE 20.

Hearts of Oak Benefit Society; Ancient Order of Foresters; Grand United Order of Oddfellows; Sons of Temperance; Independent Order of Rechabites; National United Order of Free Gardeners:

(1) Clause 20: Page 18, lines 28 and 29: Delete "Of securities belonging to the society," and insert "Of bonds or policies of a guarantee company or society of at least five years' standing."

*Royal Oak Benefit Society:***App. C.**

(2) Clause 20: That the security to be given by approved societies be 20,000*l.*, and that repayable mortgage deeds for both local loans and leasehold or freehold property be accepted.

The Order of Druids:

(3) Clause 20: Clause 20 of the Bill to be amended by the substitution of "one quarter" for "one half," or that security may be given through an approved system of fidelity insurance.

Nottingham Ancient Imperial United Order of Oddfellows:

(4) Clause 20, section 1: In line 8 delete the words "one-half," and substitute "one-tenth."

CLAUSE 21.

Hearts of Oak Benefit Society:

(1) Clause 21, section 2: Amend by deleting the word "committee" on the ninth line, and substituting "branch" or "association," and by adding the word "medical" after "administering" on the tenth line, adding after "benefits," on the tenth line, "and such other duties as the society may devolve upon them from time to time."

(2) Clause 21: Amend section 3 by deleting the word "committee" on the sixth line, and substituting "branch" or "association."

(3) Clause 21: Amend section 4 by deleting the word "committees" wherever it occurs, and substituting "branches" or "associations."

(4) Clause 21: Amend section 5 by deleting the words "and every such local committee" on the first and second lines.

Or as an alternative to the above amendments of clause 21 expunge sections 2, 3, and 4, and the words "and every such local committee" in section 5, and in place thereof provide that such societies shall transfer the administration of their medical benefits to the local Health Committees.

Rational Association Friendly Society:

(5) Clause 21, section 2: Add: "Unless the rules of such society provide for remitting benefit without deduction to the insurer, and a proper system of visiting the sick."

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(6) Clause 21, section 5: Add: "But no place of meeting shall cost the societies more for rent than now being paid by them, computed on an average per meeting."

Ancient Noble Order of United Oddfellows (Bolton Unity):

(7) Clause 21, section 5: Add at end of section: "But no such regulations shall come into force until they have been presented to the Houses of Parliament for 40 days, and have not been rejected or amended by them."

Ancient Order of Foresters; Grand United Order of Oddfellows; Sons of Temperance; National United Order of Free Gardeners:

(8) Clause 21: That probable regulations affecting meeting places of societies, and particularly of branches, be ascertained."

Surrey Reformed Benefit Society:

(9) Clause 21: To alter as to allow centralised societies to continue their present mode of management.

CLAUSE 24.

Ancient Order of Foresters:

(1) Clause 24: (a) That eligible persons must apply for membership in an approved society, and section 24, subsection (1) be amended accordingly, and (b) That the period allowed for employed contributors to join approved societies be clearly stated.

Order of the Sons of Temperance:

(2) Clause 24, section 2: To add a clause not permitting a member to leave his society, or the society to expel a member without some very real and tangible reason, and to fix a period for transfers from employed to approved societies.

Hearts of Oak Benefit Society:

(3) Clause 24, section 2: Amend so as to make clear that admissions to membership may be restricted to the State section of its benefits.

Royal Oak Benefit Society:

(4) Clause 24: That all existing members of approved societies under 70 years of age be allowed to join the State

scheme, and to be immediately entitled to full benefits in connection therewith.

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Independent Order of Rechabites:

(5) Clause 24, section 1, line 3, be amended by the deletion of the word "may" and substitution of the word "must."

CLAUSE 25.

Grand United Order of Oddfellows; National United Order of Free Gardeners:

(1) Clause 25: That the Government be requested to provide in clause 25 that a member shall not be permitted to leave his society, nor a society to expel a member, except for *bonâ fide* reasons, that some definitions of such permissible reasons to be set out in the Bill, or that the insurance commissioners be instructed to set out such definitions in their regulations, for instance, removal of residence through change of situation or other cause.

Improved Independent Order of Oddfellows (London Unity):

(2) Clause 25: Transfer value, be struck out.

Liverpool Clerks' Association:

(3) Clause 25: That after the word "him" on line 15, to add the words "derivable solely from the contributions under this Act."

Rational Association Friendly Society:

(4) Clause 25: Add: "But no member of an approved society shall be allowed to transfer to another approved society unless he resides more than three miles from the society of which he is a member (unless he be an expelled member, in which case no transfer value shall be allowed)."

Independent Order of Rechabites:

(5) Clause 25: Add: "If a member is over 13 weeks in arrears no transfer value shall be paid in regard to him by the society or branch of which he was formerly a member."

CLAUSE 26.

Hearts of Oak Benefit Society:

Clause 26: Amend so as to require that transfer values shall not be made where the home society retains the mem-

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CLAUSE 27.

Improved Independent Order of Oddfellows (London Unity):

(1) Clause 27: Be amended to enable members of approved societies to insure to 50 per cent. over their wages, providing his wages does not exceed 2l. per week.

Royal Oak Benefit Society:

(2) Clause 27, par. 2: That this paragraph provides that no insured person shall be insured for more than his average weekly wages in any friendly society, shop club, insurance society, or any other body, corporate or unincorporate, providing benefits during sickness.

Ancient Noble Order of United Oddfellows (Bolton Unity):

(3) Clause 27, page 22, line 26: After the word "remuneration" insert "by more than 15 per cent."

Independent Order of Rechabites:

(4) Clause 27: Amend so that the amount of any excess benefit should be divided equally between the approved society and the State.

CLAUSE 28.

Ancient Order of Foresters; Grand United Order of Oddfellows; Order of Druids; Independent Order of Rechabites; National United Order of Free Gardeners; Loyal Order of Ancient Shepherds (Ashton Unity); Independent Order of Oddfellows (Kent Unity):

Clause 28: (a) "That this conference presses for supply by the State of account and other books for the scheme at the cost of the State, and (b) That the provisions as to State audit be more definitely stated; also whether State audit is at the cost of the State; and whether an approved scheme of audit of branches by or through the society would be acceptable."

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CLAUSE 29.

Loyal Order of Ancient Shepherds (Ashton Unity); Ancient Order of Foresters; Rational Association Friendly Society; Order of Druids; National United Order of Free Gardeners; Independent Order of Oddfellows (Kent Unity):

(1) Clause 29: That valuations by the State in respect of its scheme be at the cost of the State.

Independent Order of Oddfellows (East Anglian Unity); Royal Oak Benefit Society:

(2) Clause 29: That valuations be made every five years, and that societies be allowed to arrange for the valuation of the State benefits to be made at the same time as their ordinary valuations are due.

Hearts of Oak Benefit Society:

(3) Clause 29, section 1: Amend to provide that approved societies may continue to appoint their own valuers, who shall be duly qualified actuaries, and that their valuations shall be accepted by the insurance commissioners.

Ancient Noble Order of United Oddfellows (Bolton Unity):

(4) Clause 29, section 1, page 23, line 16: Delete "three," substitute "five," or as an alternative:—"That the funds of an approved society other than State funds be valued triennially, notwithstanding any provision contained in any other Act of Parliament governing friendly societies."

(5) Clause 29, section 2, page 23, line 23: After the word "branch" insert "is."

Rational Association Friendly Society:

Clause 29, section 2: Add a new sub-section (c): "That the most recent available tables of sickness and mortality experience be used as a standard for valuations of all approved societies."

CLAUSES 30 & 31.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity):

(1) Clause 30, page 24, line 9: Delete "the," and insert "such."

App. C. *Hearts of Oak Benefit Society:*

(2) Clauses 30 and 31: Amend to provide that distributions of surplus and arrangements to meet deficiencies shall take place, or be made every five years, as the experience of societies shows that three years would be too short a period for action to be taken in these directions.

Royal Oak Benefit Society:

(3) Clauses 30 and 31: That the same provision with reference to surpluses and deficiencies of branches of an approved society be made applicable, as far as possible, to local committees where such are formed by centralised societies.

Ancient Order of Foresters:

(1) Clause 31, pages 25 and 26, in relation to sub-section (c): That steps be taken to satisfy the society or the branch that the levy is paid, or credited to its account in the Government's insurance fund.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity):

(2) Clause 31, page 26, sub-section (d): Insert after "within" in seventh line: "A reasonable time not less than."

Ancient Order of Foresters:

(3) Clause 31, page 26: "That section 1, sub-section (g), be amended to provide that a member of a branch shall be liable to the same conditions before transfer to another branch on a deficiency being shown on valuation.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity):

(4) Clause 31: Add at the end of clause, page 27:
 "(3) Nothing in this or the preceding section shall affect any funds of the society or branch other than those under this part of this Act."

CLAUSE 32.

Royal Oak Benefit Society:

Clause 32: That deposit contributors receive sick pay for a limited number of weeks in each year, say, ten for the first year; fifteen for the first two years; and twenty for the first three years.

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CLAUSE 34.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity):

(1) Clause 34, page 30, sub-section (4), line 17: Delete "not" and delete all after "contributor" on line 18 to end of sub-section. (This would enable married women, not "workers," to become voluntary contributors.)

(2) Clause 34: Add at end of clause, page 30 (to be new sub-section (7)): "Nothing in this section or any part of the Act shall be so construed as to interfere with the present benefits of married women who are members of an approved society at the passing of the Act."

Royal Oak Benefit Society:

(3) Clause 34: That married women who are not employed, but are the wives of employed members, be included in the scheme for medical benefits only.

National Independent Order of Oddfellows:

(4) Clause 34: That the Chancellor of the Exchequer be pressed to reconsider his decision with regard to the acceptance of married women as contributors under the Bill.

Independent Order of Rechabites:

(5) Clause 34: That females on marriage receive a surrender value for sickness contributions paid based on clearance value applicable thereto as between ages at entry and marriage.

CLAUSE 35.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity); Hearts of Oak Benefit Society:

(1) Clause 35, page 31, section 3, line 14: Add "and this section shall not apply to any person who is a member and has regularly contributed for at least 12 months to an approved society."

Royal Oak Benefit Society:

(2) Clause 35: That societies be allowed to admit aliens for State benefits.

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CLAUSE 38.

*Loyal Order of Ancient Shepherds (Ashton Unity);
Ancient Order of Foresters:*

(1) Clause 38, line 5: After "member" insert "but insured persons under the age of 16 shall be allowed such benefits as may be provided for them in the approved society to which they belong in addition to the benefits herein provided for."

(2) Clause 38: Amend this and all clauses relating to persons under 16 years of age to provide that no personal contributions shall be demanded until they are of age to be paid benefits.

CLAUSE 39.

*Loyal Order of Ancient Shepherds (Ashton Unity);
Surrey Reformed Benefit Society:*

(1) Clause 39, section 1, line 2: After "Act," insert "by members of approved societies shall be paid over to the society or branch of which they are members."

Rational Association Friendly Society:

(2) Clause 39, section 1: Add "That the sum *per capita* allowed to an approved society for administrative or management purposes, shall, upon the coming into operation of this Act, be paid to such society as to one-fourth of the amount so allowed in two months, and a further one-fourth at five months, a further one-fourth at eight months, and the balance at 12 months; thereafter the sum allocated shall be paid to approved societies every three months, and shall be held by the approved societies for their exclusive use as an administrative or management fund."

(3) Clause 39, section 3: Add "And any sums standing to the credit of an approved society to the extent of four-ninths of the contributions of its members, after having satisfied the claims arising for the benefit under this Act to the extent of four-ninths, may be invested by such society in the name of its trustees, provided such investment is in accordance with the rules of the society and bears interest at more than 3 per cent. per annum."

*Loyal Order of Ancient Shepherds (Ashton Unity);
Ancient Order of Foresters; Grand United Order of
Oddfellows; Independent Order of Rechabites;
National United Order of Free Gardeners:*

(4) Clause 39: That provision be made for supplying

funds to societies to meet expenditure without interfering with voluntary funds.

App. C.

Hearts of Oak Benefit Society; Order of Druids; Independent Order of Oddfellows (Kent Unity); Ancient Order of Romans:

(5) Clauses 39 and 40: Amend to provide that approved societies shall receive all moneys payable for benefits, which such societies will be called upon to administer, or to which their members are entitled, subject to the said societies being able to satisfy the insurance commissioners of their continuous solvency, and their conformity to all needful regulations. Further, that the societies may continue to themselves invest all moneys available for the purpose of investments in any securities which are authorised by Parliament as suitable for the societies' investments, subject to the approval of the insurance commissioners.

Order of Druids:

(6) Clause 39: That no proposed scheme of State insurance can be acceptable to friendly societies unless provisions be inserted providing that the whole of the contributions of members, including those for State benefits, may be paid to the societies direct as heretofore.

CLAUSE 40.

Order of the Sons of Temperance:

Clause 40: To ascertain if there is any possibility of a higher interest than 3 per cent. That the Chancellor be approached with the object of having the surplus capital accruing under the Insurance Bill lent on mortgage "as per present friendly society practice" to members for the purpose of purchasing a house or houses.

CLAUSE 41.

Loyal Order of Ancient Shepherds (Ashton Unity); Ancient Order of Foresters; Grand United Order of Oddfellows:

(1) Clause 41, section 1, line 3: After "commissioners," insert "an adequate proportion of whom shall be persons having not less than ten years' actual experience in the working of a registered friendly society."

App. C. *Ancient Order of Foresters:*

(2) Clause 41: In line 30, after "in respect of" insert "the affairs under this Act of."

(3) Clause 41: That the Chancellor of the Exchequer be requested to appoint a special commission, including a number of expert friendly society men who have had experience in the working of friendly societies, to draft the bye-laws and regulations for the management and working of this scheme.

CLAUSE 42.

Order of the Sons of Temperance:

(1) Clause 42: To ascertain the proportion of representatives from each body constituting the advisory committee.

Hearts of Oak Benefit Society:

(2) Clause 42: Amend to provide that in the appointment of the advisory committee, in respect of the representatives of approved societies, the insurance commissioners shall appoint the nominees of the national conference of friendly societies and of any other representative body that may be formed, and be duly authorised to represent the friendly societies.

CLAUSE 43.

Hearts of Oak Benefit Society:

(1) Clause 43, section 1. sub-section (b): For the appointment of representatives of approved societies, make such regulations as shall ensure as near as possible the equal representation of the various societies.

(2) Clause 43: Amend to provide that there shall be a local Health Committee in every borough or district.

(3) Clause 43: Amend so as to provide larger representation of friendly societies.

CLAUSE 46.

Ancient Order of Foresters:

Clause 46, page 41, section 7: That it be made clear that an approved society is to have repaid excessive cost of sickness after successful inquiry in manner prescribed.

CLAUSE 48.

App. C.

Ancient Noble Order of United Oddfellows (Bolton Unity):

Clause 48: Add at end of clause: "But no such regulations shall come into force until they have been presented to the Houses of Parliament for forty days, and have not been rejected or amended by them."

CLAUSE 49.

Grand United Order of Oddfellows:

Clause 49, section 1: Amend to provide for an appeal by aggrieved societies.

CLAUSE 50.

Order of the Sons of Temperance:

(1) Clause 50, section 1: To ascertain if this would alter the present procedure of purely friendly society members.

(2) Clause 50, section 1: To ascertain in the case of disputes if arrangements are to be made to ensure attendance of witnesses before the committee appointed to hear appeals, as at present no such power is afforded friendly societies to insist upon attendance of witnesses.

CLAUSE 51.

Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity); Rational Association Friendly Society; Grand United Order of Oddfellows; National Independent Order of Oddfellows; Nottingham Ancient Imperial United Order of Oddfellows:

(1) Clause 51: That the whole of the clause be deleted.

Hearts of Oak Benefit Society:

(2) Clause 51: Amend to provide that any loss to the landlord arising from the objection of this clause shall be defrayed by the Treasury.

CLAUSE 55.

Ancient Order of Foresters:

(1) Clause 55: (a) That this High Court request the conference committee in preparing any scheme under clause 55

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dealing with existing funds to offer options of benefits amongst which shall be a (1) paid up life policy, (2) annuity payable at 65; and (b) That this clause be referred to the conference committee to make such suggestions and recommendations for the guidance and protection of districts and branches as they may deem necessary and advisable to meet the provisions of this clause.

Liverpool Clerks' Association:

(2) Clause 55: After the word "scheme" (23rd line), add: "which notwithstanding anything contained in this part of this Act, shall be framed strictly in accordance with the rules of such friendly society or branch current at the time of the passing of this Act."

Ancient Order of Foresters:

(3) Clause 55: Add at end of line 36: "and every such scheme shall include provision for regulating the voting at meetings, so that those members who are or become insured persons under this Act shall have no votes in regard to any funds or benefits to which they are not contributors or entitled."

Rational Association Friendly Society:

(4) Clause 55, section 1: Follow line 36: "But no member of an existing society at the coming into operation of the Act, if he ceases membership in the approved society and pays to the State scheme only, shall have any claim upon the accumulated funds of the society of which he was a member."

National Independent Order of Oddfellows:

(5) Clause 55: That if the present funds of friendly societies are to be applied to the benefit of the present members thereof in such manner as may be approved by the registrar, provision should be made in the Bill whereby the registrar shall not have the power to refuse to sanction any scheme which is recommended by a qualified actuary.

Independent Order of Rechabites:

(6) Clause 55: Add after "ways," "provided, however, that any contributions for the funeral benefit of a member or a member's wife or child, or any contributions for superannuation benefit for which any member is or has been previously insured in any friendly society, shall not be

taken into account in any rearrangement of contributions which may be made."

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CLAUSES 60 TO 81.

Loyal Order of Ancient Shepherds (Ashton Unity); Ancient Order of Foresters:

Clauses 60 to 81: That the national conference of friendly societies recommend Parliament to have the health insurance and unemployment provisions separated and made two measures.

CLAUSE 87.

Loyal Order of Ancient Shepherds (Ashton Unity); National Independent Order of Oddfellows; Grand United Order of Oddfellows; Hearts of Oak Benefit Society; Nottingham Ancient Imperial United Order of Oddfellows; Independent Order of Rechabites; Ancient Order of Romans:

Clause 87: That in view of the additional labour involved on friendly societies in preparing for the scheme, the conference recommend that at least twelve months elapse from the passing of the Act before it comes into operation, and suggest January 1st, 1913, as every approved society will have to prepare schemes for re-adjustment of contributions and benefits to submit to the registrar. It is recommended that the Treasury take into consideration an augmentation of the staff of the registry office to deal with the scheme without undue delay.

SCHEDULES.

Ancient Order of Foresters:

(1) First Schedule: That all necessary steps be taken to secure that agricultural labourers working partly for employers and partly for themselves are properly recognised under Part I. of Schedule 1.

(2) First Schedule: Amend section (e) Part II., Schedule 1, so that it reads to the effect that the annual value shall be taken to mean net annual value Schedule A., and amount 30*l.* instead of 20*l.*

App. C. *Ancient Order of Foresters; Loyal Order of Ancient Shepherds (Ashton Unity):*

(1) Second Schedule: Last line but one on page 70: Should not "5d." be substituted for "4d." in the case of women?

*Ancient Noble Order of United Oddfellows (Bolton Unity);
Ancient Order of Romans:*

(2) Second Schedule: That the contributions of the employers and employed contributors be as follows:—To be paid by the contributor: Men, 3d. per week, women, 2d. per week. To be paid by the employer, 3d. per week. The State to take over the extra contribution.

Ancient Order of Foresters:

Third Schedule: In line 15, page 71. should not "hereinafter" be "herein"?

Ancient Order of Foresters:

Fourth Schedule: In regard to Table B in Part I.: "That in the opinion of this conference male members should be entitled to the same benefit as females, on disablement."

Fourth Schedule: Add at the bottom of page 72: "This shall not take effect where the young person has any one dependent upon him or her for maintenance or support."

PROPOSITIONS.

Ancient Order of Foresters:

(1) Sanatoria: Indicate proportion of funds to be raised locally for sanatoria conditional on State grant.

Independent Order of Rechabites; Ancient Order of Foresters; National United Order of Free Gardeners; Grand United Order of Oddfellows; Sons of Temperance; United Patriots National Benefit Society; Rational Association Friendly Society; National Independent Order of Oddfellows; Order of Druids; Nottingham Ancient Imperial United Order of Oddfellows:

(2) Expenses involved in starting scheme: That the State should make special grants to approved societies on account of the somewhat heavy expenditure which must be incurred

in adapting present conditions to the new circumstances created by the State scheme. This expenditure would include, of course, actuarial calculations, valuations, printing of new rules, providing books, extension work, &c.

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Grand United Order of Oddfellows:

(3) That the National Insurance Bill cannot be regarded as satisfactory to the friendly societies unless it is so amended that the societies retain primary rights of insuring their own members for the full sickness benefits they require, and have control of the funds connected therewith so far as they are contributed by members and their employers.

Grand United Order of Oddfellows; Independent Order of Rechabites; Independent Order of Oddfellows (East Anglian Unity):

(4) That the societies shall have full control of their funds and investments as heretofore, subject to the provision of ample guarantees as to the safety of those investments, the continuous solvency of the society and their present and future ability to discharge the obligation conferred upon them by the State and their own rules.

Grand United Order of Oddfellows:

(5) That whilst expressing our thanks to the Chancellor of the Exchequer for the time and care he has bestowed in the framing of the National Insurance Bill for the benefit of the workers of the country, as well as the admirable character of many of its provisions, notably the position of the scheme which deals with that terrible scourge—tuberculosis, feel that taking into consideration the great and important change it is likely to effect amongst our respective societies in their voluntary and self-governing principles, beg that he will delay the passing of the measure until after the conference has held its annual meeting in October, to allow the members of the various societies an ample opportunity of considering its various provisions.

Loyal United Order of Anglo-Saxons:

(6) That all financial members of registered friendly societies, provided their contributions be properly and regularly paid to their society, be exempt from the provisions of the proposed National Insurance Bill.

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App. C. *United Patriots National Benefit Society :*

(7) That we protest against the compulsion of members of registered friendly societies, who have already insured themselves against sickness for the sum of 10s., to join the State insurance scheme.

Improved Independent Order of Oddfellows (London Unity):

(8) That provision be made in the Bill whereby branches of an approved society consisting of old members, reduced to a state of hopeless insolvency through excessive sickness, should be taken over by the insurance commissioners, who shall fix the rate of contributions to be paid and benefits received by the members.

(9) That a clause be inserted in the Bill that will enable two or more societies to amalgamate or associate for the purpose of becoming approved by a majority of members voting in favour.

(10) That provision be made in the Bill for a society to become approved which has branches that conform to the requirements of the Bill, notwithstanding there are branches that cannot or refuse to conform to such requirements.

Independent Order of Oddfellows (Norfolk and Norwich Unity):

(11) That all monies should be paid to the approved societies monthly, and no wage limit recognised, and 10,000 be deleted from the Bill.

(12) That while this meeting recognises the Government's duty to provide for those members of the community not within the ranks of the friendly societies, it strongly resents the interference with that voluntary effort existing for so many years, which voluntary effort has proved conclusively to be the backbone of England in the building up of true citizenship and self-reliance.

Rational Association Friendly Society :

(13) That the representatives of the societies affiliated with this conference of friendly societies agree to lay the question before their respective societies of the desirability that every approved society should have the same or similar rules for the giving of benefit or otherwise to members for claims arising in consequence of accidents for which they will receive payment under the Compensation Act.

(14) That societies affiliated with the conference agree to act in uniformity regarding the payment of sickness benefit from the commencement (or otherwise) of an illness.

(15) That any Health Committee, approved friendly society, or group of friendly societies, may, for the purpose of administration of the medical benefits, appoint permanent medical officers for attendance upon insured persons, also establish drug depots in a part of their area; also appoint duly qualified nurses for visitation and attendance upon the sick.

(16) That we protest against any attempt being made to deprive friendly societies of the right to select or appoint medical men, and seeing that friendly societies will be more or less responsible for the financial stability of the scheme, we feel this would be absolutely impossible unless power of appointment is given to approved friendly societies.

Royal Oak Benefit Society :

(17) That provisions be made in the Bill for the payment of contributions in advance, both by employers and voluntary subscribers, and that some allowance—from 5 to 10 per cent.—be made where such payments are made yearly in advance. Where an employer pays yearly in advance no allowance be made in respect of the employed person for any period of sickness during which the sick pay would not otherwise be payable. When an insured person leaves his employer, who has paid in advance under these conditions, any fresh employer shall be compelled to contribute the weekly amounts provided under the Bill, and no allowance shall be made for the first employer on account of any payments that may have been made in advance in respect of any period after the insured person has left his employment.

(18) That where required for the purposes of the Act, societies be allowed to obtain evidence of age from the Registrar-General without charge, as is done under the Old Age Pensions Act.

The Order of Druids :

(19) That the committee of the conference be strengthened in any further negotiations with the Government by the addition of a representative of each society affiliated with the conference not already represented on such committee, and coming within the definition of an approved society.

Independent Order of Oddfellows (Kent Unity) :

(20) Exclusion of collecting societies, insurance companies, and dividing societies.

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(21) The following does not appear quite clear, and the question might be submitted to the next meeting: "What would be the position of a member under the Bill, who is already a member of one or more societies? Can he still retain his membership, or will he have to join under the State scheme, as it would appear to read at present?"

Ancient Order of Romans:

(22) That this congress is of opinion that the Bill as at present constituted is detrimental to the interests of registered friendly societies.

(23) That this congress is of opinion that no State Insurance Bill is complete unless it makes some provision for widows and orphans.

APPENDIX D.

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AMENDMENTS DESIRED BY BRITISH MEDICAL ASSOCIATION.

INCOME LIMIT OF THOSE ENTITLED TO MEDICAL AND MATERNITY BENEFITS.

Clause 8, page 6. sub-clause (1) (a), line 4, before the word "medical" insert the words "except as hereinafter provided."

Clause 8, page 8, sub-clause (7), insert new sub-clause (g) as follows:—

(g) to medical benefit who is in receipt of an average income from all sources exceeding 2*l.* per week.

Clause 14 (1), page 14, line 35, after the word "persons" insert the words "entitled to such benefit."

ADMINISTRATION OF MEDICAL AND MATERNITY BENEFITS.

Clause 13 (1), page 13, line 24, after words "sickness benefit" insert the word "and."

Clause 13 (1), lines 24 to 26 inclusive, delete all words from "and maternity" down to words "medical benefit," inclusive.

Clause 13 (1), page 13, line 29, before the word "sanatorium" insert the words "medical, maternity, and," and for the word "benefit" substitute the word "benefits."

Clause 14 (1), page 14, line 32, delete the words "approved society and."

Clause 14 (2), page 14, line 37, delete the words "society or."

Clause 14 (3), page 15, delete.

Clause 16 (1), page 16, lines 17 to 19, inclusive, delete all words from the words "and shall" in line 17 to the words "Health Committee" in line 19 inclusive; and delete all words from the words "by the" in line 21 down to the word "society" in line 22, inclusive.

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Clause 45 (1), page 38, line 3, before word "sanatorium" insert the words "medical, maternity, and."

Clause 45 (1), page 38, lines 5 and 6, delete all words from the word "deposit" down to the words "benefit and," inclusive.

FREE CHOICE OF DOCTOR.

Clause 14 (1), page 14, line 34, delete the words "duly qualified" and substitute the word "registered," and alter the numbering of the clause to clause 14 (1) (a).

Clause 14 (1), page 14, add the following new sub-clauses (b), (c), (d), (e), and (f):

- (b) All arrangements of the local Health Committee with medical practitioners for attendance and treatment of insured persons shall be subject to the approval of the insurance commissioners.
- (c) The local Health Committee shall prepare a list of registered medical practitioners who have entered into arrangements with the committee for giving attendance and treatment to insured persons whose medical benefit is administered by the committee.
- (d) In the list of registered medical practitioners the local Health Committee shall include all registered medical practitioners who apply to be included unless in respect of any such practitioner the insurance commissioners are satisfied after due enquiry that his appointment would be prejudicial to the efficiency of the medical service of the insured.
- (e) The insurance commissioners shall have power at any time after due enquiry to remove from the list of registered medical practitioners for any district any practitioner whose conduct is deemed by them to be prejudicial to the efficiency of the medical service of the insured.
- (f) Each insured person shall be entitled to select from the list so prepared a medical practitioner, subject to the consent of such practitioner, to attend him when required.

MEDICAL REPRESENTATION IN ADMINISTRATION.

Insurance Commissioners.

Clause 41 (1), page 35, line 17, at the end insert the following words, "and shall include registered medical prac-

tioners who have had personal experience of general practice among the classes from which the insured are drawn."

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Advisory Committee.

Clause 42, page 36, line 3, after the word "societies," insert the following words "and registered medical practitioners who have had personal experience of general practice among the classes from which the insured are drawn."

Local Health Committees.

(First Alternative Amendment.)

Clause 43, sub-clause (2), page 36, line 10, for the word "nine" substitute the word "twelve."

Line 11, for the word "eighteen" substitute the word "twenty-four."

Line 12, for the word "third" substitute the word "fourth."

Line 16, for the word "third" substitute the word "fourth."

Line 21, delete the words "the remaining" and for the word "third" substitute the word "fourth."

Line 26, for the word "third" substitute the word "fourth."

Line 31, insert the new sub-paragraph (d) as follows:—

- "(d) As to the remaining one-fourth thereof by the registered medical practitioners resident in the county or county borough."

Clause 43 (5), page 37, lines 10—12, inclusive, delete the words "but so" down to "medical practitioners."

(Second Alternative Amendment.)

Clause 43, sub-clause 5, page 37, line 9, for the word "fourth" substitute "third."

Lines 10 to 12, inclusive, delete the words "but so" to "medical practitioners" and insert "and shall include members, to the number of at least one-fourth of the whole committee, selected from registered medical practitioners nominated by the registered medical practitioners residing in the county or county borough."

LOCAL MEDICAL COMMITTEES.

New clause to follow clause 41, page 38—

- (1) A local medical committee shall be formed in the area of each county and county borough con-

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sisting of registered medical practitioners elected by the registered medical practitioners who are engaged in medical practice in such county or county borough.

- (2) The number of members of each medical committee and the mode of election and term of office of such members shall be determined by the insurance commissioners.
- (3) The local medical committee shall be consulted by the local Health Committee on all matters affecting the arrangements with registered medical practitioners to give attendance and treatment to the insured and shall discharge such other duties and exercise such powers as shall be determined by the insurance commissioners.

POWER TO APPROVED SOCIETIES TO SUBSCRIBE TO
HOSPITALS, &c.

Clause 17, page 16, delete.

CLAUSES OF THE BILL REFERRED TO ABOVE, AS AMENDED, AND
NEW CLAUSES TO READ AS FOLLOWS—

Rates and conditions of benefits.—Clause 8 (1) (a), Except as hereinafter provided medical treatment and attendance, including the provision of proper and sufficient medicines (in this Act called “medical benefit”).

Clause 8 (7), new sub-clause (g):

(g) To medical benefit who is in receipt of an average income from all sources exceeding 2*l.* per week.

Benefits to be administered by approved societies or the local Health Committee.—Clause 13 (1). Sickness benefit and disablement benefit shall be administered, in the case of insured persons who are members of an approved society, by and through the society, and in other cases by and through the local Health Committees: medical, maternity and sanatorium benefits shall in all cases be administered by and through local Health Committees.

Administration of medical benefit.—Clause 14 (1) (a). Every local Health Committee shall for the purpose of administering medical benefit, make arrangements with registered medical practitioners for insured persons entitled to such benefit to receive attendance and treatment to the satisfaction of the insurance commissioners from such practitioners.

Insert new sub-clauses (b), (c), (d), (e), and (f):

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- (b) All arrangements of the local Health Committee with medical practitioners for attendance and treatment of insured persons shall be subject to the approval of the insurance commissioners.
- (c) The local Health Committee shall prepare a list of registered medical practitioners who have entered into arrangements with the committee for giving attendance and treatment to insured persons whose medical benefit is administered by the committee.
- (d) In the list of registered medical practitioners the local Health Committee shall include all registered medical practitioners who apply to be included, unless in respect of any such practitioner the insurance commissioners are satisfied after due enquiry that his appointment would be prejudicial to the efficiency of the medical service of the insured.
- (e) The insurance commissioners shall have power at any time after due enquiry to remove from the list of registered medical practitioners for any district any practitioner whose conduct is deemed by them to be prejudicial to the efficiency of the medical service of the insured.
- (f) Each insured person shall be entitled to select from the list so prepared a medical practitioner, subject to the consent of such practitioner, to attend him when required.

Clause 14 (2), Every such committee shall also make provision for the supply of proper and sufficient drugs and medicines to insured persons, and no arrangement shall be made with a medical practitioner under which he is bound or agrees to provide drugs or medicine for any insured person at an inclusive fee, without the consent of the insurance commissioners, which consent they shall not give unless the circumstances of any locality situate in a rural district are such as to make it expedient to do so.

Clause 14 (3), Delete.

Administration of maternity benefit.—Clause 16 (1), Where the mother of the child is herself an insured person maternity benefit shall be treated as a benefit for her; if she is not herself an insured person the benefit shall be treated as a benefit for her husband, and shall be administered by the local Health Committee, and shall be payable in respect of a posthumous child.

Power to approved societies to subscribe to hospitals, &c.—Clause 17, Delete.

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Constitution of insurance commissioners, appointment of inspectors, &c.—Clause 41 (1), As soon as may be after the passing of this Act there shall be constituted for the purposes of this part of this Act commissioners (to be called the insurance commissioners), with a central office in London, and with such branch offices as the Treasury may think fit, and the commissioners shall be appointed by the Treasury and shall include registered medical practitioners who have had personal experience of general practice among the classes from which the insured are drawn.

Appointment of advisory committee.—Clause 42, The insurance commissioners shall as soon as may be after the passing of this Act appoint an advisory committee for the purpose of giving the insurance commissioners advice and assistance in connection with the making and altering of regulations under this part of this Act, consisting of representatives of associations of employers and approved societies and registered medical practitioners who have had personal experience of general practice among the classes from which the insured are drawn, and of such other persons as the commissioners may appoint.

(First Alternative Amendment of Clause 43.)

Appointment of local Health Committees.—Clause 43 (1) As in Bill.

- (2) Such number of the members of the committee as the insurance commissioners, having regard to the circumstances of each case, determine, but in no case less than twelve or more than twenty-four shall be appointed—
 - (a) As to one-fourth thereof (which shall consist wholly or in part of members of the local sanitary authorities) by the county council or the council of the county borough:
 - (b) As to one-fourth thereof by such approved societies as have members resident in the county or county borough who are insured persons, or, if such societies cannot agree upon the appointment, by the insurance commissioners:
 - (c) As to one-fourth thereof by any association of deposit contributors resident in the county or county borough which may have been formed under regulations made for that purpose by the insurance commissioners; provided, that if no such association has been formed, such one-fourth shall, subject to the approval of the

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insurance commissioners, be appointed by the other members of the committee, or in default by the insurance commissioners, from amongst, so far as practicable, such deposit contributors as aforesaid.

Insert new sub-clause (d)—

- (d) As to the remaining one-fourth thereof by the registered medical practitioners resident in the county or county borough.
- (3) As in Bill.
- (4) As in Bill.
- (5) The remaining members of the committee, not exceeding in number one-fourth of the members appointed in manner aforesaid, shall be appointed by the insurance commissioners.
- (6) As in Bill.
- (7) As in Bill.

(*Second Alternative Amendment to Clause 43.*)

Appointment of local Health Committees.—Clause 43 (1)
As in Bill.

- (2) As in Bill.
- (3) As in Bill.
- (4) As in Bill.
- (5) The remaining members of the committee, not exceeding in number one-third of the members appointed in manner aforesaid, shall be appointed by the insurance commissioners, and shall include members to the number of at least one-fourth of the whole committee, selected from registered medical practitioners nominated by the registered medical practitioners residing in the county or county borough.
- (6) As in Bill.
- (7) As in Bill.

Appointment of local medical committees.—New clause to follow clause 44—

- (1) A local medical committee shall be formed in the area of each county and county borough consisting of registered medical practitioners elected by the registered medical practitioners who are engaged in medical practice in such county or county borough.
- (2) The number of members of each medical committee and the mode of election and term of office

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of such members shall be determined by the insurance commissioners.

- (3) The local medical committee shall be consulted by the local Health Committee on all matters affecting the arrangements with registered medical practitioners to give attendance and treatment to the insured and shall discharge such other duties and exercise such powers as shall be determined by the insurance commissioners.

Income.—Clause 45 (1), All sums available for medical, maternity, and sanatorium benefit in a county or county borough, and all sums payable in respect of administrative expenses in any year, shall be paid or credited to the local Health Committee at the commencement of that year.

APPENDIX E.

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AMENDMENTS DESIRED BY THE
PHARMACEUTICAL SOCIETY OF GREAT BRITAIN.

Desired amendments might be given effect to by the sub-joined alterations, which are indicated by putting the new wording in bold type.

Clause 14, section (2):

“Every such (approved) society or (local health) committee shall, **subject to regulations on a scale system to be framed by the insurance commissioners,** make provision for the supply to insured persons of proper and sufficient drugs and medicines **by duly qualified pharmacists or others carrying on the business of a pharmaceutical chemist, or chemist and druggist,** under the provisions of clause 3 of the Poisons and Pharmacy Act, 1908; and no arrangement shall be made with a medical practitioner under which he is bound or agrees to provide drugs or medicine for any insured person at an inclusive fee, without the consent of the insurance commissioners, which consent they shall not give unless the circumstances of any locality situate in a rural district are such as to make it expedient to do so.”

Clause 41, section (1): anent insurance commissioners.

“As soon as may be after the passing of this Act there shall be constituted for the purposes of this part of this Act commissioners (to be called the insurance commissioners) with central office in London, and with branch offices as the Treasury may think fit, and the commissioners shall be appointed by the Treasury **and shall include representatives of the General Medical Council and the Councils of the Pharmaceutical Society of Great Britain and the Pharmaceutical Society of Ireland.**”

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Clause 42: anent advisory committee.

“The insurance commissioners shall, as soon as may be after the passing of this Act, appoint an advisory committee for the purpose of giving the insurance commissioners advice and assistance in connection with the making and altering of regulations under this part of this Act, consisting of representatives of associations of employers and approved societies, **and of duly qualified medical practitioners and duly qualified pharmacists**, and such other persons as the commissioners may appoint.”

Clause 43, section (5): anent local Health Committee.

“The remaining members of the committee, not exceeding in number one-fourth of the members appointed in manner aforesaid, shall be appointed by the insurance commissioners, but so that of the members so appointed, two at least shall be duly qualified medical practitioners, **and two at least shall be duly qualified pharmacists.**”

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